

MINUTES OF THE AUGUST 31, 2011  
MEETING OF THE  
INTERIM FINANCE COMMITTEE  
LEGISLATIVE COUNSEL BUREAU  
Las Vegas, Nevada

Chairwoman Debbie Smith called a regular meeting of the Interim Finance Committee (IFC) to order on August 31, 2011, at 9:08 a.m. in Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. [Exhibit A](#) is the Agenda, [Exhibit B](#) is the Attendance Roster, and [Exhibit C](#) is the Meeting Packet. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Debbie Smith, Chairwoman  
Senator Steven Horsford, Vice Chair  
Senator Barbara Cegavske  
Senator Moises Denis  
Senator Ben Kieckhefer  
Senator Sheila Leslie  
Senator David Parks  
Senator Dean Rhoads  
Assemblyman Paul Aizley  
Assemblyman Kelvin Atkinson  
Assemblyman David Bobzien  
Assemblywoman Maggie Carlton  
Assemblyman Marcus Conklin  
Assemblywoman Marilyn Dondero-Loop for Assemblyman Ocegüera  
Assemblyman Pete Goicoechea  
Assemblyman Tom Grady  
Assemblyman John Hambrick  
Assemblyman Crescent Hardy  
Assemblyman Pat Hickey  
Assemblyman Joseph Hogan  
Assemblyman Randall Kirner  
Assemblywoman April Mastroluca

COMMITTEE MEMBERS EXCUSED:

Assemblyman John Ocegüera

## LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN LAS VEGAS

Rick Combs, Fiscal Analyst, Assembly  
Mark Krmpotic, Fiscal Analyst, Senate  
Brenda Erdoes, Legislative Counsel  
Sherie Silva, Interim Finance Committee Secretary

## LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN CARSON CITY:

Lorne Malkiewich, Director, Legislative Counsel Bureau  
Eileen O'Grady, Chief Deputy Legislative Counsel  
Mike Chapman, Principal Deputy Fiscal Analyst  
Rex Goodman, Principal Deputy Fiscal Analyst  
Donna Thomas, Fiscal Secretary

### A. ROLL CALL

Brenda Erdoes, Legislative Counsel, Legislative Counsel Bureau, called the roll and announced a quorum of both houses was present. (Assemblyman Oceguela was excused.)

Chairwoman Smith welcomed Committee members to the first Interim Finance Committee (IFC) meeting in Las Vegas and expressed appreciation to the staff for making the arrangements. She said the new system of alternating meetings between Carson City and Las Vegas was being tried to help the southern Committee members with travel and work issues and cut expenses at the same time. She noted that most of the testimony from agency staff would take place from the Legislative Building in Carson City.

Chairwoman Smith reminded the Committee that legislation was passed during the 2011 Legislative Session requiring that public comment be allowed for each agenda action item prior to taking a vote.

### B. APPROVAL OF MINUTES OF THE APRIL 18, 2011, MEETING.

ASSEMBLYMAN CONKLIN MOVED FOR APPROVAL OF THE  
APRIL 18, 2011, MEETING MINUTES.

SENATOR LESLIE SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED UNANIMOUSLY.

C. APPROVAL OF MINUTES OF THE JUNE 30, 2011, MEETING.

ASSEMBLYMAN GOICOECHEA MOVED FOR APPROVAL OF THE JUNE 30, 2011, MEETING MINUTES.

SENATOR DENIS SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED UNANIMOUSLY.

D. ALLOCATION OF BLOCK GRANT FUNDS THAT REQUIRE A PUBLIC HEARING PURSUANT TO NRS 353.345.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained Agenda Item D involved six work programs that required a public hearing pursuant to *Nevada Revised Statutes* (NRS) 353.345 because they contained allocations of block grant funds.

1. **Office of the Governor - Office of Energy - Energy Conservation - FY 2012 -** Addition of \$186,289 in federal Energy Efficiency and Conservation Block Grant (EECBG) funds from the previous year from Buildings and Grounds to continue tracking the energy usage in state buildings and buildings occupied by state agencies. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the Interim Finance meeting for the required public hearing per NRS 353.345. Work Program #C21635**
2. **Office of the Governor - Office of Energy - Energy Conservation - FY 2012 -** Addition of \$420,241 in federal Energy Efficiency and Conservation Block Grant (EECBG) authority to fund the remaining portion of the emergency vehicle idle program and monitor all other projects currently underway through this grant. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the Interim Finance meeting for the required public hearing per NRS 353.345. Work Program #C21644**
3. **Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2012 -** Transfer of \$391,921 from the Personnel Services category to the Information Services category to fund Master Service Agreement contractors to meet information services needs on a temporary basis due to vacancies within the information technology staffing. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the Interim Finance meeting for the required public hearing per NRS 353.345. Work Program #C21191**

4. **Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2012** - Deletion of \$166,616 in Community Mental Health Services (CMHS) block grant funds to provide community-based service staff along with placement prevention services. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing per NRS 353.345. Work Program #C21469**
5. **Department of Health and Human Services - Child and Family Services - Northern Nevada Child and Adolescent Services - FY 2012** - Addition of \$111,676 in Community Mental Health Services (CMHS) block grant funds to provide community-based service staff along with placement prevention services. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing per NRS 353.345. Work Program #C21468**
6. **Department of Health and Human Services - Child and Family Services - Southern Nevada Child and Adolescent Services - FY 2012** - Addition of \$41,356 in Community Mental Health Services (CMHS) Block Grant funds to provide community-based service staff along with placement prevention services. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing per NRS 353.345. Work Program #C21467**

For the record, Assemblyman Grady asked whether the funds or match monies for the grants to be approved were either in the current budget or would be allocated from elsewhere. He wanted to be assured that future requests would not be made for matching funds.

Mr. Combs replied some grants did not require a match; others had funds available in the agency budgets as approved by the Legislature or an adjustment was being made to the agency's budget via a work program to identify the matching funds.

Chairwoman Smith asked for public comment on Items D-1 through D-6. There was none.

ASSEMBLYMAN CONKLIN MOVED FOR APPROVAL OF AGENDA  
ITEMS D-1 THROUGH D-6.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

E. WORK PROGRAM REVISIONS IN ACCORDANCE WITH NRS 353.220(5)(b).  
INFORMATIONAL ONLY – REQUIRED EXPEDITIOUS ACTION WITHIN  
15 DAYS.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained the work programs contained in Agenda Item E had been previously approved through the 15-day expeditious action provision in the *Nevada Revised Statutes* and were on the agenda for informational purposes only. However, Chairwoman Smith had requested that testimony be received on Agenda Items E-1 and E-11.

1. **Office of the Secretary of State - FY 2012** - Transfer of \$209,942 from the eSOS Reporting System category to the Personnel Services category to fund two new Information Technology positions to learn, support, and eventually rewrite the eSOS system. The current vendor gave notice it will no longer be able to support the eSOS system at the budgeted contracted level due to changes in its staffing and resource situation. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$75,000 and includes new positions. **Work Program #C21170**

Kate Thomas, Deputy Secretary of State for Operations, Office of the Secretary of State (SOS), explained Agenda Item E-1 was an expeditious 15-day work program that the SOS Office submitted in late June. The Office was notified that due to contract negotiations that were about to occur with the vendor, the vendor would no longer be supporting the electronic Secretary of State system that was built for the Commercial Recordings Division to collect approximately \$100 million of revenue under the Electronic Secretary of State (eSOS) system. Ms. Thomas said upon learning that the vendor would no longer support the system, the Office developed the strategy to use the budgeted amount to fund two full-time positions to support the function and eventually rewrite the system.

Chairwoman Smith reminded Committee members that the item was informational only, and the purpose of asking for testimony was simply to receive further information.

Senator Denis asked what language the current system was written in. Ms. Thomas replied it was written in ASP, and a desktop component was written in Visual Basic 6 (VB6). Some of the pieces had since been upgraded to ASP.net. She explained the language was currently not supported, and the SOS information technology section could not support it.

Senator Denis asked whether the two employees being hired had knowledge of the existing system and had the ability to write the new system. He asked the age of the current system.

Ms. Thomas replied the employees were brought in to learn the old system, for which there was limited documentation. The new employees were high-caliber professionals

with the expertise to support and upgrade the system. The current system was built in 2005.

There were no further questions; Chairwoman Smith thanked Ms. Thomas for her testimony.

2. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2011** - Transfer of \$935,341 from the Offline category to the Medical Aid for the Aged, Blind and Disabled (MAABD) category to provide payments to providers for MAABD services. Requires Interim Finance approval since the amount added to the MAABD category exceeds \$75,000. **Work Program #C21294**
3. **Department of Health and Human Services - Health Division - Cancer Control Registry - FY 2012** - Addition of \$228,001 in Balance Forward from Previous Year funds to continue the contract to eliminate the data collection backlog and bring the Cancer Registry current in data collection and processing, as required by federal law and state statute. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C21283**
4. **Department of Health and Human Services - Health Division - WIC Food Supplement - FY 2012** - Transfer of \$100,000 from the State Food Support category to the Breastfeeding Support category to support a breastfeeding awareness campaign and transfer of \$238,307 from the State Food Support category to the WIC Operational Adjustment category to increase potential and current WIC participants' awareness about nutrition, obesity prevention and other important nutritional messages. Requires Interim Finance approval since the amount transferred from the State Food Support category exceeds \$75,000. **Work Program #C21194**
5. **Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2012** - Addition of \$795,000 in State Health Access Program (SHAP) funds transferred from the Health Division, Public Health Preparedness Program to continue to expand online access to health care through the enhancement of the Access Nevada online application. Requires Interim Finance approval since the amount added to the SHAP Web Application category exceeds \$75,000. **Work Program #C21081**
6. **Department of Public Safety - Highway Patrol - FY 2012** - Addition of \$34,609 in Transfer from Traffic Safety Traffic Accident Reconstruction grant and \$24,000 in Transfer from Traffic Safety Joining Forces grant and deletion of \$6,000 in Prior Year Refunds to align remaining federal authority to support Traffic Collision Reconstruction training courses and statewide multijurisdictional traffic enforcement activities focusing on reducing fatalities and serious injury crashes in Nevada. Requires Interim Finance approval since the amount added to the Traffic

Accident Reconstruction category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21339**

7. **Department of Conservation and Natural Resources - Forestry - FY 2012 -** Addition of \$1,503,755 in 2009 U.S. Forest Service ARRA Stimulus grant funds to continue urban forest management and wildland fire threat reduction projects. Requires Interim Finance approval since the amount added to the 2009 U.S. Forest Service ARRA Stimulus category exceeds \$75,000. **Work Program #C21062**
8. **Department of Conservation and Natural Resources - Forestry - FY 2012 -** Addition of \$66,049 in U.S. Forest Service Insects and Diseases Project grants used to continue projects to educate Nevadans about the threat of exotic or invasive insects and to protect trees from future infestations. Requires Interim Finance approval since the amount added to the Insects and Diseases Grants category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C21064**
9. **Department of Conservation and Natural Resources - Forestry - FY 2012 -** Addition of \$400,000 in 2007 U.S. Forest Service (USFS) Consolidated Payment Grant (CPG) funds; \$500,000 in 2008 USFS CPG funds; \$2,000,000 in 2009 USFS CPG funds; and \$1,000,000 in 2010 USFS CPG funds to continue hazardous fuels reduction and other forest health projects. Requires Interim Finance approval since the amount added to the USFS CPG 2009 category exceeds \$75,000. **Work Program #C21067**
10. **Department of Conservation and Natural Resources - Forestry - FY 2012 -** Addition of \$359,856 in Federal U.S. Bureau of Land Management (BLM) Southern Nevada Public Land Management Act (SNPLMA) grant funds to support additional fuel breaks and reduce fuels to reduce the risk of wildfire. Requires Interim Finance approval since the amount added to the US BLM SNPLMA Grant category exceeds \$75,000. **Work Program #C21196**
11. **Office of Veterans' Services - Veterans' Home Account - FY 2011 -** Transfer of \$25,000 from the Operating category to the Facilities Maintenance category to cover the cost associated with the repair and resurfacing of the Southern Nevada Veterans' home parking lot. Transfer of \$95,000 from the Food Service category to the Utilities category to cover the cost of utilities through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Utilities category exceeds \$75,000. **Work Program #C21023**

Nancy Jensen, Administrative Services Officer (ASO), Nevada State Veterans' Home, Office of Veterans' Services, introduced herself and referred Chairwoman Smith's request for an overview of the item to the Director, Caleb Cage.

Caleb Cage, Director, Nevada Office of Veterans' Services, testifying from Carson City, explained that at the end of fiscal year (FY) 2011, the Nevada State Veterans' Home had an emergency situation created by numerous sinkholes, potholes, and cracks in the parking lot that needed to be repaired. He noted the parking lot accommodated many visitors who used wheelchairs, walkers, and other transportation or ambulatory assistance, and the agency felt at the time, and continued to feel, that the safety of the veterans and their family members was at risk and the liability of the agency was a concern. On June 17, 2011, the Administrative Services Officer approved funds from category 07, Maintenance, knowing that there would be a work program required to move the necessary remaining funds from category 04, Operations, in order to proceed with a contract that had been approved by the Board of Examiners (BOE). However, Mr. Cage explained, approval of the funding and the contract were initiated on the same day prior to processing the work program to transfer the funding. Mr. Cage acknowledged a mistake had been made and said the agency accepted responsibility for making the error and continued to make efforts to ensure it would not happen again.

Chairwoman Smith stated that the Committee always shared concerns about the safety of the citizens of the state and the residents of the Veterans' Home, but it also had the obligation to ensure that the laws and statutes relating to expending funds were followed. She and other Committee members were concerned that the request was included in the agency's 2011-2013 biennial budget request and not included in The Executive Budget, but the money was expended anyway. Chairwoman Smith said although the agency acknowledged and recognized the problem, she was concerned that it had happened and asked Mr. Cage to elaborate on what was being done to ensure it would not happen again; the problem was beyond a bookkeeping mistake or mere oversight. She did not understand how the project went to bid and was paid for when it was not approved in the budget.

Ms. Jensen replied that as the situation unfolded and the parking lot was becoming more of a noticeable problem, there was growing concern about how fast the repairs could be done and what steps could be taken. She authorized the work to be done, and she assumed full responsibility. Ms. Jensen said the State Public Works Division was aware of the increasing problems and had inspected the parking lot, and the work was to have been done between fiscal year (FY) 2011 and FY 2013. The concern grew with the increasing potholes in the area where the residents were located and in the back parking lot where the employees parked. She was aware that the funds were not in category 07, Maintenance, and she knew a work program was needed to transfer the funds from another category. However, in an effort to get the work accomplished as quickly as possible and prevent risk to the residents, Ms. Jensen said she made a wrong decision. She should have waited until July 1; the problem could have been handled in a different way.

Ms. Jensen explained she had signed the authorization to have the work done on the same day that she prepared the work program, but she did not submit the work program until the following day. She knew the funds were available, but she did not have the authority to put the Committee in a position of approving a work program after the fact.



She assured the Committee that in the future all work programs would be processed in a timely manner before funds were authorized for expenditure.

Chairwoman Smith asked Ms. Jensen why she had not used the 15-day expeditious work program provisions. Ms. Jensen replied a minor incident had occurred, and everyone felt the work needed to be done immediately rather than waiting the 15 days.

Assemblyman Goicoechea asked whether the total cost of the project was \$25,000. Ms. Jensen replied the total was actually \$19,000.

Assemblyman Goicoechea asked why the request was for \$25,000, and Ms. Jensen responded the lowest bid was for \$25,000, but it was an estimated amount dependent upon weather conditions. She concurred with Assemblyman Goicoechea's suggestion that the amount should be adjusted to \$19,000.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, clarified that the work program had already been processed and the item was for the Committee's information only. No further action was required.

Ms. Jensen added that remaining funds in all of the agency's categories, totaling over \$1 million, would be reverted to the General Fund.

Chairwoman Smith remarked the Committee's major concern was with the violation of procedures rather than the actual dollar amount. She asked for further questions from the Committee; there were none. She again noted that the item was informational, no action was required, and public comment was not necessary. She thanked Mr. Cage and Ms. Jensen for their testimony.

F. WORK PROGRAM REVISIONS IN ACCORDANCE WITH NRS 353.220(5)(c).  
INFORMATIONAL ONLY – REQUIRED ACTION WITHIN 45 DAYS.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Agenda Item F contained five work programs that were previously approved under the *Nevada Revised Statutes* (NRS) provisions of the 45-day expiration from the time the work programs were submitted until the meeting was conducted, and no action was required by the Committee. Mr. Combs was not aware of any requests for testimony on Agenda Item F.

- 1. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2012** - Addition of \$175,710 in Balance Forward from Previous Year funds and \$527,130 in federal Title XIX funds for the completion of the takeover phase of the Medicaid Management Information System (MMIS) pursuant to Assembly Bill 480. Requires Interim Finance approval since the federal amount added to the MMIS Procurement category exceeds \$50,000. **Work Program #C21088**

2. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2012** - Addition of \$507,473 in federal Affordable Care Act Exchange funds for the continuation of Health Care Reform initiatives and activities. Requires Interim Finance approval since the amount added to the Affordable Care Acts Exchange Grant category exceeds \$50,000. **Work Program #C21093. WITHDRAWN JULY 28, 2011.**
3. **Department of Motor Vehicles - REAL ID - FY 2012** - Addition of \$250,000 in federal Department of Homeland Security (DHS) Demonstration grant funds to continue utilizing funds to meet the federally mandated requirements of the REAL ID project. Requires Interim Finance approval since the amount added to the DHS Demonstration Grant category exceeds \$50,000. **Work Program #C21070**
4. **Department of Motor Vehicles - Automation - FY 2012** - Addition of \$164,200 in authority for reimbursement of expenses from the Assistance of Off-Highway Trust Fund Account to continue programming for the titling and registration of off-highway vehicles required by the passage of Senate Bill 394 during the 2009 Legislative Session. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C21071**
5. **Department of Motor Vehicles - Motor Vehicle Pollution Control - FY 2012** - Transfer of \$1,150,000 from the Reserve category to the City/County Air Quality category for distribution of excess reserve funds to county governments. Requires Interim Finance approval since the amount transferred to the City/County Air Quality category exceeds \$50,000. **Work Program #C21065**

**G. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS AND POSITION CHANGES IN ACCORDANCE WITH CHAPTER 353 OF NRS.**

Mr. Combs indicated that Chairwoman Smith had requested testimony on the following work programs in Agenda Item G: item 10, Office of the Secretary of State; item 13, Buildings and Grounds Division; item 20 and Agenda Item M-2, Department of Education; items 24, 26, and 28, Department of Education; items 29, 31, 33, 34, 35, 36, 37, 38, 39, and 40, Nevada System of Higher Education (NSHE); items 30 and 32, NSHE; items 51 and 53, Nevada Arts Council; items 55, 56, 57, 60, and Agenda Item M-1, Silver State Health Insurance Exchange; item 59, Health Care Financing and Policy; item 75, Employment Security Division; item 77, Department of Corrections; item 85, Department of Public Safety; items 134, 135, 139, 142, and 143, Department of Wildlife.

Mr. Combs noted that items 97, 137, 138, 140, 141, 145, 146, and 147 had been withdrawn. Item 86 had been revised to reduce the transfer amount from \$131,215 to \$62,775, and item 123 required revision to reduce the transfer from \$132,094 to \$99,547. No additional testimony was required.

Chairwoman Smith asked whether Committee members wished to hear testimony on additional items.

Assemblywoman Carlton requested testimony on item G-90.

Senator Horsford requested testimony on items G-1, 2, and 46.

SENATOR LESLIE MOVED FOR APPROVAL OF THE REMAINING  
WORK PROGRAMS AND POSITION RECLASSIFICATIONS IN  
AGENDA ITEM G.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

Chairwoman Smith asked for public comment; there was none.

THE MOTION CARRIED UNANIMOUSLY.

### **Work Programs**

Chairwoman Smith noted that items G-1 and G-2 would be heard together at Senator Horsford's request.

1. **Office of the Governor - Governor's Washington Office - FY 2012** - Transfer of \$185,309 from the Reversion of Unused Funds category to the Washington Office category to fund the Washington D.C. Office through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Washington Office category exceeds \$75,000. **Work Program #C21525**
2. **Office of the Governor - Governor's Washington Office - FY 2013** - Transfer of \$247,079 from the Reversion of Unused Funds category to the Washington Office category to fund the Washington D.C. Office through the end of the biennium. Requires Interim Finance approval since the amount transferred to the Washington Office category exceeds \$75,000. **Work Program #C21615**

Stephanie Day, Deputy Director, Budget Division, explained items G-1 and G-2 involved the Governor's Washington D.C. Office. Item 1 was a fiscal year (FY) 2012 work program that would cover 9 months of operations for the Washington D.C. Office, and the FY 2013 work program in item 2 would cover 12 months of operations. She said a request for proposal (RFP) had been issued, and approximately 240 vendors were contacted, but only one response was received. The successful bidder was District Strategies LLC, who was the current vendor, and the contract would be submitted to the Board of Examiners in September.

Senator Horsford asked what was entailed in the scope of work in the bid and what deliverables were included in the contract.

Ms. Day apologized that she did not have a copy of the RFP with her, and State Purchasing was the entity that had processed the RFP. She offered to provide further information to the Committee's Fiscal staff.

Senator Horsford asked whether the amounts were the same as previously funded or whether the contract was reduced based on the goal of reducing all state contracts.

Ms. Day replied the contract was for the same amount approved by the Legislature. She noted that the Washington D.C. Office monitored federal legislation, federal regulatory efforts, and funding opportunities that affected Nevada. The Office also served as the state's contact with individuals in Washington D.C.

Senator Horsford appreciated Ms. Day's explanation, but he thought the state was under an Executive Order or directive from the Governor's Office to renegotiate contracts up to a 20 percent reduction. He questioned why the state entered into a new contract in the same amount as the previous contract.

Ms. Day reiterated there was only one response to the RFP, and that was the amount of the bid. Senator Horsford asked whether the state had the ability to negotiate a contract. Ms. Day reiterated that the RFP was issued by State Purchasing, and she was not involved in the award process.

Senator Horsford asked whether anyone was available to answer questions about the process. Ms. Day said there was no one in Carson City, but she would obtain additional information.

Senator Horsford indicated he wanted further information. The state was making attempts to reduce all contracts, and he questioned why that had not been done with the Washington D.C. contract. He was not comfortable approving the item until he understood the scope of the work and the efforts taken by State Purchasing to try to negotiate a reduced amount.

Chairwoman Smith suggested the item be held until a representative from State Purchasing could arrive to provide further information. Ms. Day said she would ask State Purchasing to send someone to the meeting to answer questions.

Dale Erquiaga, Senior Advisor, Office of the Governor, later arrived at the meeting and offered to explain how the contract for the Washington D.C. Office was negotiated. He recalled that the Legislature provided only three months of bridge dollars at the same rate provided in the 2009-2011 biennium because the contract had not previously been put out to bid. The Governor's Office directed State Purchasing to proceed with a request for proposal with a new scope of work and a new set of deliverables. Mr. Erquiaga said the prior scope of work was very brief, about one page, and the RFP for the 2011-2013 biennium included two pages of required assignments with an increased deliverable reporting process to the Governor's Office, at the urging and direction of the 2011 Legislature.

Mr. Erquiaga recalled that the contract had been reduced in the 2009-2011 biennium. He indicated the directive referred to by Senator Horsford was from the previous Administration and required that existing contracts be reduced and all contracts going forward be negotiated for reduction. He said the Washington D.C. Office contract was reduced by about 8 percent in the prior biennium, and the same dollar amounts were carried forward when the vendor produced a flat budget. The Independent Contract Review Committee established by State Purchasing, of which Mr. Erquiaga was a member, felt that the overall rate assigned by the vendor was affordable and well below market pricing. He explained approximately one-third of the budget included hard costs to maintain an office presence and associated expenses, and two-thirds of the costs were related to personnel. Mr. Erquiaga clarified that the blended hourly rate was approximately \$75 per hour, which was low in Nevada's market and extremely low in the Washington D.C. market.

Continuing, Mr. Erquiaga said the Independent Contract Review Committee believed the price was within market constraints, and therefore it did not direct State Purchasing to negotiate further. He noted that in addition to himself, the Committee consisted of a representative from the Department of Conservation and Natural Resources and a representative from the Department of Health and Human Services. He said the majority of the contract was paid with funds from transfers, mostly non-General Fund dollars, from the Highway Fund and room tax dollars, and the previous Administration's order had directed that General Fund contracts were to be negotiated down by 15 percent.

In summary, Mr. Erquiaga said the Independent Contract Review Committee was satisfied with the amount of the contract; the Administration believed the state continued to receive benefits from the contract; and the scope of work, deliverables, and reporting requirements had been increased. He said reports of the Washington Office's activities would be provided to the Committee as they became available.

Senator Horsford thanked Mr. Erquiaga for his testimony, which had answered some questions regarding the scope of work of the Washington D.C. Office. He said he had never been clear as to the scope of work entailed in the contract. It was often purported to be the direct liaison with federal agencies and the State of Nevada, but, he pointed out, Majority Leader Harry Reid had a qualified and capable staff in his Washington office, and other Congressional members were available for assistance as well. Senator Horsford said he typically called his representatives in Washington when he had constituent questions.

In contrast, Senator Horsford continued, he had never used the resources of the Washington D.C. Office as a legislator. He received an email update of the schedule of events in Washington D.C., which he could obtain from the Congressional Record. He believed the Legislature should know exactly what was being provided through the contract. Senator Horsford concurred that the contract had been reduced by 8 percent in 2009, but he questioned the \$75 per hour rate, particularly in light of record

unemployment. He asked whether there had ever been consideration given to hiring an employee rather than engaging an independent contractor.

Mr. Erquiaga replied that staffing the Office had been considered. He noted the \$75 per hour rate was a blended rate that included rental of facilities and operating expenses: staff was not paid that amount. He said it would be more expensive to establish a presence and have an ongoing personnel commitment; it was easier to terminate a contract should the state's fiscal situation take a turn for the worse than it would be to make staffing changes. Mr. Erquiaga noted the overall budget for the Governor's Office in Carson City was reduced, and the staff was smaller than the prior two Administrations.

Senator Horsford thanked Mr. Erquiaga for his testimony. The appropriate responses had been provided on the record, and most of his concerns had been addressed.

Senator Rhoads stated the Legislative Committee on Public Lands traveled to Washington D.C. quite often, and the Washington D.C. Office arranged all appointments and provided important guidance and assistance for the Committee's members. He said the staff had been very helpful.

Assemblyman Hambrick said he had used the Washington D.C. Office several times for witness testimony to assist with logistical support on his bills, and the Office had been extremely efficient; he was very appreciative of the assistance.

Senator Cegavske said the Washington D.C. Office had been a very good conduit for some of the national committees she served on to facilitate meetings. She used the elected officials as a resource as well, but she believed the Office was warranted because it served a different purpose.

Chairwoman Smith asked for what time period the contract was written, and Mr. Erquiaga replied two years – through the 2011-2013 biennium. He added that he appreciated the questions and the Committee's attention to detail. He recalled that since the time the Washington D.C. Office was created by contract, there had always been questions. He reiterated the Committee would receive reports on the activities of the Office.

ASSEMBLYMAN GOICOECHEA MOVED FOR APPROVAL OF  
ITEMS G-1 AND G-2.

SENATOR RHOADS SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED UNANIMOUSLY.

Chairwoman Smith thanked Mr. Erquiaga for his testimony, adding that the Committee would look forward to more reporting and engagement concerning the Washington D.C. Office.

3. **Office of the Governor - Office of Energy - Energy Conservation - FY 2012** - Addition of \$8,004,542 in ARRA State Energy Program funds and deletion of \$737,542 in federal funds from previous year to balance forward remaining authority to retrofit state buildings, school buildings, and traffic signals, to complete the engineering feasibility study, and to revise state and local building codes through April 2012. Requires Interim Finance approval since the amount added to the Building Retrofit category exceeds \$75,000. **Work Program #C21684**

Refer to motion for approval under Agenda Item G.

4. **Office of the Governor - Office of Energy - Energy Conservation - FY 2012** - Addition of \$141,669 in federal ARRA Energy Assurance Planning funds to update the state's energy emergency plan and provide for emergency exercises and drills. Requires Interim Finance approval since the amount added to the ARRA Energy Assurance Planning category exceeds \$75,000. **Work Program #C21723**  
Refer to motion for approval under Agenda Item G.

Refer to motion for approval under Agenda Item G.

5. **Office of the Attorney General - Administrative Fund - FY 2012** - Addition of \$1,168,211 in Wells Fargo Foreclosure Relief Program Settlement income balanced forward from previous year to assist in efforts to prevent or mitigate foreclosures and prevent mortgage or loan modification fraud. Requires Interim Finance approval since the amount added to the Court Settlement Disbursement to Subgrantees category exceeds \$75,000. **Work Program #C21624**

Refer to motion for approval under Agenda Item G.

6. **Office of the Attorney General - Workers' Compensation Fraud - FY 2012** - Addition of \$302,233 in Department of Treasury Equitable Distribution funds balance forward from previous year for supplies, training, equipment, and software to support the mission of the Insurance Fraud Unit. This request requires Interim Finance approval since the amount added to the Department of Treasury Equitable Distribution Expense category exceeds \$75,000. **Work Program #C21651**

Refer to motion for approval under Agenda Item G.

7. **Office of the Attorney General - Medicaid Fraud - FY 2012** - Addition of \$231,743 in Senior Medicaid program grant funds and \$283,378 in Medicaid Fraud Prevention grant funds to allow the Attorney General's Office to be the designated state agency for the current grant award and coordinate fraud prevention efforts with the state's Division of Aging Services. Requires Interim Finance approval

since the amount added to the Medicaid Fraud Prevention category exceeds \$75,000. **Work Program #C21246**

Refer to motion for approval under Agenda Item G.

8. **Office of the Attorney General - Violence Against Women Grants - FY 2012** - Addition of \$181,338 in federal rural grant funds to provide prosecutorial support for dating and domestic violence, sexual assault and stalking in Nye, Mineral and Esmeralda counties. Requires Interim Finance approval since the amount added to the Rural grants category exceeds \$75,000. **Work Program #C21638**

Refer to motion for approval under Agenda Item G.

9. **Office of the Attorney General - Victims of Domestic Violence - FY 2012** - Addition of \$389,483 in Statewide Automated Victim Information and Notification (SAVIN) grant funds to continue to update the state's notification system. Requires Interim Finance approval since the amount added to the SAVIN grant category exceeds \$75,000. **Work Program #C21597**

Refer to motion for approval under Agenda Item G.

10. **Office of the Secretary of State - FY 2012** - Transfer of \$305,000 from the Reserve category to the Economic Development category to develop and design a multi-stakeholder plan to broaden, diversify and stabilize the state's economy based on the successful Utah Science Technology and Research initiative. Requires Interim Finance approval since the amount transferred to the Economic Development category exceeds \$75,000. **Work Program #C21285**

Ross Miller, Secretary of State, explained Agenda Item G-10 was a request for a transfer from previously approved funding in category 86, Reserve, to category 09, Economic Development, in the amount of \$305,000. The purpose of the transfer was to fund the study that would be the basis for the state plan for economic development and the restructuring efforts pursuant to Assembly Bill 449 of the 2011 Legislative Session.

Chairwoman Smith asked Secretary Miller for an update on the progress of the study.

Secretary Miller replied contracts had been approved with Brookings Institute and SRI (formerly Stanford Research Institute) to conduct the study. The Brookings Institute and SRI had conducted a kick-off session with most of the stakeholders in the state and the new Economic Development Board, along with the advisory council that was formed by the 2011 Legislature. There had been stakeholder meetings in both the northern and southern parts of the state; input was being solicited from business leaders across the state; and the consultants were currently working on raw data and analysis. Secretary Miller said SRI was compiling the data and should be submitting the information to the Brookings Institute soon. Brookings Institute would translate the data and put it in the form of a plan with action items and specific deliverables to meet the objectives outlined in Assembly Bill 449.



Senator Horsford commended the Secretary of State for his assistance in development of the study. He was aware that the Governor and key stakeholders had met a few weeks earlier to provide direction on how the study was to move forward and to identify the key sectors for the economic development strategy. Senator Horsford understood that some deliverables were due by October, which should include initial sectors and analyses of those sectors, and would be released to the Commission on Economic Development in coordination with the establishment of the new structure of the Commission. Senator Horsford said it was good to see progress being made, and he thanked Secretary Miller again for his assistance in helping to identify non-General Fund revenues to support the effort.

There being no further questions, Chairwoman Smith said she would entertain a motion to approve Agenda Item G-10.

SENATOR HORSFORD MOVED FOR APPROVAL OF AGENDA ITEM G-10.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED UNANIMOUSLY.

11. **Office of the Secretary of State - HAVA Election Reform - FY 2012** - Addition of \$455,167 in Voting Access for Individuals with Disabilities grant funds to improve access and participation in the election process for individuals with disabilities. Transfer of \$319,049 from the Reserve Title II category to the Reserve category and \$93 from the Reserve Title II category to the Reserve Title I category to realign the federal grant funds and facilitate accurate tracking of the federal awards. Requires Interim Finance approval since the amount added to the Polling Place Improvements category exceeds \$75,000. **Work Program #C21225**

Refer to motion for approval under Agenda Item G.

12. **Department of Administration - Purchasing - Commodity Food Program - FY 2011** - Addition of \$24,685 in federal Commodity Supplemental Food program funds to reimburse local agencies for operating costs associated with the distribution of food under the Commodity Supplemental Food program. Requires Interim Finance approval since the cumulative amount added to the Commodity Supplemental Food Program exceeds \$75,000. **Work Program #C21269**

Refer to motion for approval under Agenda Item G.

13. **Department of Administration - State Public Works Division - Buildings and Grounds - FY 2012** - Transfer of \$32,855 from the Reserve category to the Personnel Services category; \$1,008 from the Reserve category to the Operating

category; and \$1,455 from the Reserve category to the Information Services category to support the administration of leases for Boards and Commissions, Gaming Control Board, Department of Public Safety, and the Department of Motor Vehicles and to support the Internet website posting of all properties leased by the state pursuant to Assembly Bill 404 of the 2011 Legislative Session. Requires Interim Finance approval since this request includes a new position. **Work Program #C21516**

Cindy Edwards, Deputy Administrator, Buildings and Grounds (B&G) Section, Division of Public Works, Department of Administration, explained the work program in item 13 was a request for \$35,318 to fund a position to assist the contract and leasing section with the leases for Boards and Commissions, the Gaming Control Board, the Department of Public Safety, the Department of Motor Vehicles, and the Internet website posting of all real properties and lease properties of the state, with the exception of the Legislative Counsel Bureau and the Nevada System of Higher Education (NSHE).

Chairwoman Smith remarked B&G had done a good job of implementing the provisions of Assembly Bill 404 (2011) quickly, and the request for funding was in line with the intention of A.B. 404. She said Committee members had questions concerning one of the agencies involved.

Assemblywoman Carlton recalled there had been discussion concerning the Internet listings and the security of some of the state offices. She asked whether a strategy had been developed to delineate which offices would be put on the Internet and which would not in order to protect the security of those offices.

Ms. Edwards replied B&G would be contacting two entities to determine whether specific offices should not appear on the Internet site.

Assemblywoman Carlton asked whether there would be an evaluation tool to determine whether those offices were appropriate. Ms. Edwards indicated a process for evaluation would be developed.

Assemblywoman Carlton said that in discussions on the postings of the real property and the information in the inventory, there were problems with the manner in which the Nevada Department of Transportation (NDOT) planned to complete its inventory and how it would provide information. She asked whether there had been problems receiving information from NDOT.

Ms. Edwards responded B&G had been working with NDOT, and there were in fact some problems. She said a representative from NDOT was present to address concerns.

Paul Saucedo, Chief Right-of-Way Agent, Nevada Department of Transportation (NDOT), explained the Department did not maintain an inventory of rights-of-way and

vacant lands owned by the Department. Spreadsheets were being compiled for an inventory of improved properties to comply with A.B. 404. He said in order for NDOT to fully comply with A.B. 404, it would have to hire a consultant to inventory all of the vacant properties owned within the state. Mr. Saucedo said the rights-of-way were very extensive, and there were numerous types of ownership and how the state held title. He said NDOT had not kept an inventory of every piece of property purchased, and the problem was complicated. The Department did not object to the provisions of A.B. 404; it was a matter of acquiring and compiling the available information to report.

Assemblywoman Carlton assumed that no one realized the depth of the problem in reporting for NDOT until after A.B. 404 was passed. She did not recall hearing any concerns during the 2011 Legislative Session; the problem could have been considered as the bill moved forward. She asked when it was discovered that NDOT did not know what it owned.

Mr. Saucedo recalled the problem was brought to some legislators' attention during the 2011 Legislative Session, and discussions were held with them; he did not recall which legislators were involved. He had passed the information on to his superiors, but he did not attend the hearings.

Assemblywoman Carlton understood undertaking an inventory of all property owned by NDOT would be a big job, but to not do it at all did not make any sense. She said work needed to begin, and hopefully a complete list could be compiled over the next two or three years. She asked Mr. Saucedo whether NDOT had a plan in place to comply with A.B. 404 in the future.

Mr. Saucedo replied the Department was compiling information on all of the properties the Department knew of and entering it on spreadsheets and on the website. An estimate was being developed to determine the cost of compiling a complete inventory. Once the estimate was known, NDOT officials would probably submit the proposed cost to the Interim Finance Committee to determine the return on investment. Mr. Saucedo said NDOT definitely planned to develop the estimate, move forward if funding was available, and comply with the provisions of the bill.

Chairwoman Smith asked why NDOT did not submit a fiscal note regarding the need for the position to comply with A.B. 404. Mr. Saucedo replied he could not respond to the question.

Chairwoman Smith remarked one reason for fiscal notes was for the Legislature to be aware of staffing needs when considering legislation in order to comply with the intent of a piece of legislation. She asked Mr. Saucedo to meet with Fiscal staff regarding how NDOT planned to proceed with compliance with A.B. 404.

ASSEMBLYWOMAN CARLTON MOVED FOR APPROVAL OF AGENDA ITEM G-13.

SENATOR LESLIE SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED UNANIMOUSLY.

- 14. Department of Administration - Library and Archives - Nevada State Library - FY 2012** - Addition of \$397,114 in U.S. Department of Commerce federal Broadband Technology Opportunities Program (BTOP) grant funds to provide funding for the Nevada One Click Away Project, which will provide Nevadans with expanded online access to information and resources geared toward enhancing their individual success, as well as aid in Nevada's economic recovery. Requires Interim Finance approval since the amount added to the BTOP grant category exceeds \$75,000. **RELATES TO ITEM 16. Work Program #C21612**

Refer to motion for approval under Agenda Item G.

- 15. Department of Administration - Library and Archives - Nevada State Library - CLAN - FY 2012** - Addition of \$46,890 in federal Institute of Library Services and Technology Act grant funds to allow the Cooperative Libraries Automated Network (CLAN) to purchase coin and bill acceptors to provide online access to information, employment searches, and fulfill other customer-related needs. Requires Interim Finance approval since the cumulative amount added to the Clan Operating Expenses category exceeds \$75,000. **Work Program #C21114**

Refer to motion for approval under Agenda Item G.

- 16. Department of Administration - Library and Archives - Nevada State Library - CLAN - FY 2012** - Addition of \$13,552 in U.S. Department of Commerce federal grant funds transferred from the Nevada State Library to provide funding for the Nevada One Click Away Project, which will provide Nevadans with enhanced access to online information and resources geared toward enhancing their individual success, as well as aid in Nevada's economic recovery. Requires Interim Finance approval since the cumulative amount added to the Cooperative Libraries Automated Network (CLAN) category exceeds \$75,000. **RELATES TO ITEM 14. Work Program #C21363**

Refer to motion for approval under Agenda Item G.

- 17. Department of Administration - Library and Archives - Nevada State Library - CLAN - FY 2012** - Addition of \$131,560 in User Charges balanced forward from FY 2011. These funds are used to purchase equipment benefiting all member libraries. Requires Interim Finance approval since the amount added to

Cooperative Libraries Automated Network (CLAN) Operating category exceeds \$75,000. **Work Program #C21337**

Refer to motion for approval under Agenda Item G.

- 18. Department of Administration - Library and Archives - Archives and Records - FY 2012** - Addition of \$33,066 in National Historical Publications and Records Commission grant funds to provide for increased access to collections as part of the Nevada Statewide Digital Initiative and travel for the State Historic Records Advisory Board and designated staff. Requires Interim Finance approval since the amount added to the Historic Records Advisory Board category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21504**

Refer to motion for approval under Agenda Item G.

- 19. Department of Administration - Library and Archives - Archives and Records - FY 2012** - Addition of \$32,041 in federal Institute of Museums and Library Services (IMLS) grant funds to allow the Nevada State Archives and the State Historical Records Advisory Board to survey the conservation and preservation needs of Nevada's cultural organizations. Requires Interim Finance approval since the amount added to the IMLS grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21531**

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that item G-20 and Agenda Item M-2 would be heard together.

- 20. Department of Education - State Public Charter School Authority - FY 2012** - Addition of ~~\$864,222~~ **\$648,167** in Charter School Fees and \$20,000 in Miscellaneous Revenue and **\$3,187 in Treasurer's Interest** to establish the new State Public Charter School Authority account pursuant to S.B. 212, Sections 35 and 58 (2011 Legislative Session). Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **REVISED AUGUST 18, 2011. Work Program #C21732**

M. ESTABLISHMENT OF SALARIES FOR UNCLASSIFIED POSITIONS PURSUANT TO SENATE BILL 505, SECTION 2 (2011 SESSION).

2. State Public Charter School Authority – Senate Bill 212 (2011 Session).

Steve Canavero, Ph.D., Acting Director of the Office of Charter Schools, Nevada Department of Education, explained he was recently appointed by Governor Sandoval to serve as the first Director of the Nevada State Public Charter School Authority. Senate Bill 212, passed during the 2011 Legislative Session, created a statewide independent charter school authorizing entity.

Dr. Canavero said S.B. 212 shifted the responsibility for authorizing future charter schools from the State Board of Education to the State Public Charter School Authority, and as of January 1, 2012, the Authority would be responsible for all charter schools that were previously sponsored by the State Board of Education. He would officially assume the role as Director of the Public Charter School Authority on October 1, 2011, and item G-20 related to the transition plan for staff. Senate Bill 212 authorized the Department of Education to transfer up to three education professionals, one Management Analyst, and one Administrative Assistant to the Authority. Dr. Canavero said that essentially his existing staff would be transferred.

Dr. Canavero went on to explain that the members of the Authority would be seated in January 2012, and his office had been working with the State Board of Education to ensure a smooth transition for the existing schools and responsibilities for those charter schools currently applying to be sponsored; the application process for new charter schools was just beginning.

Dr. Canavero said the work program in item 20 established a new budget account, 2711, for the Public Charter School Authority, pursuant to S.B. 212, sections 35 and 58, and the authority to collect charter school fee revenues in budget account 2706, Discretionary Grants, was to be transferred to the new account for administering the Authority. He noted the Authority was solely fee-based and that all charter schools sponsored under S.B. 212 would pay no more than 2 percent of their annual revenue to the Authority in order to support the sponsor's duties and responsibilities.

Keith Rheault, Ph.D., Superintendent of Public Instruction, Department of Education, said he had met with staff from the Office of the Governor and the Department of Administration to develop a plan for implementation of the Authority. It seemed to make sense to maintain the Authority's budget under the Department of Education, at least temporarily, which would provide for a smoother transition since there would not be a governing board overseeing the Authority until January 2012. The Department's personnel officer would process the staff transfers to the Authority and the fiscal staff would process reserve funds. Dr. Rheault said when the new Authority's governing board was put in place, a determination could be made whether to maintain the budget under the Department of Education.

Assemblyman Hickey noted that some of the applications were slated to fall under the state charter, and there were numerous other charters in various school districts. He asked whether it was anticipated that other charter schools would want to transfer under the new Authority and if there would be an impact on the Interim Finance Committee before the next legislative session.

Dr. Canavero replied he had not received any requests for transfers to the Authority from other sponsored charter schools. He pointed out there were provisions in Senate Bill 212 that provided for an existing charter school to change sponsorship to the Authority. There were existing statutes and regulations governing a charter school

changing from one sponsor to another, and S.B. 212 clarified those provisions and provided a mitigated application process.

With regard to the concern about the Interim Finance Committee, Dr. Canavero said that the increase in the number of schools would increase the amount of revenue to the Authority and, to a certain extent, the staff workload to provide technical assistance, training, monitoring, visitations, and other functions. He said whether the number of schools would trigger the need for new staff would be dictated by the number of schools to come under the Authority and their geographic distribution.

Dr. Canavero explained the current applications to form new charter schools would be changed from sponsorship by the State Board of Education to the Public Charter School Authority: the change would be an automatic transition.

Assemblywoman Mastroluca asked whether Dr. Canavero had a projected number of charter schools in the next biennium. Dr. Canavero replied he did not. The growth would be dictated by the quality of the charter school applications received; there was not a targeted number of schools to be added. If all letters of intent to apply translated to an application, he said there were potentially seven new schools starting in the next school year. He added there was consistent interest from charter school developers and discussions were ongoing; it was difficult to project how many applications would be submitted in 2012.

Assemblywoman Mastroluca asked Dr. Rheault whether the Department of Education would provide assistance with space, office equipment, and other operating needs or if those expenses were included in the Authority's budget.

Dr. Rheault replied the Authority had furnishings and office equipment included in its budget as a new office, although staff would be able to use their existing furniture and equipment. He noted the Authority was located in a facility rented by the Department that was scheduled to be vacated in September, but rental of the facility would continue month-to-month to give the Authority time to negotiate for new space or make the decision to continue in the existing space. Dr. Rheault said the Department would provide whatever assistance was needed to reduce costs. He noted most of the furniture and equipment for the Department's Office of Charter Schools had been funded through reserves in the past, and it made sense that those items should transfer to the Authority.

Assemblywoman Mastroluca asked why an accelerated salary process was being requested for two of the education professional positions. Dr. Rheault replied when the individuals were hired, there was a freeze on granting additional salary accelerations. They agreed to accept the positions, but other Department special education staff with similar experience and educational backgrounds were at much higher salaries. He said one of the positions was a Special Education Consultant, and it was difficult to retain those individuals because they were often recruited by the school districts. Dr. Rheault

believed the requests for accelerated salaries were fair and equitable to provide consistency.

Concerning technical assistance to the Authority, Dr. Rheault said the Department would support the Authority in any of the curriculum areas, similar to the support provided to any other public schools in the state. Authority staff would be invited to attend statewide directors' meetings and other meetings, as were staff in all school districts.

Chairwoman Smith asked for further explanation of the requests for accelerated salary process for the two professional positions.

Dr. Canavero responded that he had prepared documentation for the requests, and one argument was for a Special Education Consultant, utilizing equity as justification. The consultant's experience across a variety of categories was compared to the experience of existing Special Education Consultants at the Department of Education, and her salary was placed within that range. The request for acceleration was subsequently approved. Dr. Canavero said the only other acceleration he had requested was for an Accountability and Assessment Consultant position proposed to be hired in the Department's Office of Charter Schools. The individual was offered the position, but denied it at that salary level. He had requested an accelerated salary, which was also approved, but the school district offered a higher bid. The position had been reopened for recruitment.

Senator Denis asked what the charter school enrollment was predicted to be in the coming year and whether it was anticipated to change in the future with the changes in S.B. 212.

Dr. Canavero replied he did not believe the bill would affect enrollment in the schools; they were still experiencing robust growth. In fact, a new school in Clark County would be opening its doors in the fall with over 900 students. He said according to early estimates, enrollment in school year 2011-12 was anticipated to be between 9,000 and 10,000 students in 16 schools, which included the 6 new schools becoming operational in the coming year.

Senator Denis asked Dr. Rheault how the Department of Education and the state's charter schools would be impacted overall with the creation of the Authority.

Dr. Rheault replied charter schools were public schools within the state, and the Authority must maintain a close working relationship with the Department, even though it was an independent body sponsoring charter schools. The Authority would have to comply with all of the state's laws related to education, including testing, fiscal accountability, and state reporting requirements. He said the State Board of Education would still be responsible for all public schools in the state, and hopefully the Authority would work hand-in-hand as in the past without incident.



ASSEMBLYWOMAN MASTROLUCA MOVED FOR APPROVAL OF WORK PROGRAM G-20 TO ESTABLISH A BUDGET ACCOUNT FOR THE PUBLIC CHARTER SCHOOL AUTHORITY AND AGENDA ITEM M-2 TO ESTABLISH THE UNCLASSIFIED POSITION OF DIRECTOR OF THE PUBLIC CHARTER SCHOOL AUTHORITY.

ASSEMBLYMAN HICKEY SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED UNANIMOUSLY.

- 21. Department of Education - State Supplemental School Support Fund - FY 2012** - Addition of \$100,000 in Treasurer's Interest Distribution funds to comply with the provisions of A.B. 579 of the 2011 Legislative Session, requiring interest earned in the State Supplemental School Support fund be credited to the fund. Requires Interim Finance approval since the amount added to the Room Tax - Aid to Schools category exceeds \$75,000. **Work Program #C21716**

Refer to motion for approval under Agenda Item G.

- 22. Department of Education - Drug Abuse Education - FY 2012** - Addition of \$126,102 in federal Drug Free Schools grant funds to balance forward remaining authority. Requires Interim Finance approval since the amount added to the Aid to Schools category exceeds \$75,000. **Work Program #C21545**

Refer to motion for approval under Agenda Item G.

- 23. Department of Education - Discretionary Grants - Restricted - FY 2012** - Addition of ~~\$586,073~~ **\$573,774** in federal Longitudinal Data Systems grant funds to balance forward authority from FY 2011 for this program. Requires Interim Finance approval since the amount added to the Longitudinal Data System category exceeds \$75,000. **REVISED AUGUST 18, 2011. Work Program #C21497**

Refer to motion for approval under Agenda Item G.

Chairwoman Smith stated items 24, 26, and 28 would be heard together.

- 24. Department of Education - Elementary and Secondary Education - Title I - FY 2012** - Addition of \$13,561,304 in federal Title I ARRA grant funds to balance forward remaining authority for Title I grants to local education agencies. Requires Interim Finance approval since the amount added to the Title I Grant ARRA Funds category exceeds \$75,000. **Work Program #C21505**

Refer to testimony and motion for approval under Agenda Item G-28.

- 25. Department of Education - Elementary and Secondary Education - Title I - FY 2012** - Addition of \$111,617 in federal Even Start grant funds to balance forward authority from FY 2011 to continue serving disadvantaged students. Requires Interim Finance approval since the amount added to the Even Start Aid to Schools category exceeds \$75,000. **Work Program #C21507**

Refer to motion for approval under Agenda Item G.

- 26. Department of Education - Elementary and Secondary Education - Titles II, V, and VI - FY 2012** - Addition of \$158,009 in federal ARRA Technology grant funds to balance forward authority from FY 2011 to continue providing technology in schools to improve student achievement. Requires Interim Finance approval since the amount added to the Technology Grants-ARRA category exceeds \$75,000. **Work Program #C21568**

Refer to testimony and motion for approval under Agenda Item G-28.

- 27. Department of Education - Nutrition Education Programs - FY 2011** - Addition of \$135,011 in prior year refunds from Smart Start. Smart Start is a sponsor involved in service delivery related to the Summer Food Service Program. These funds need to be returned to the U.S. Department of Agriculture. Requires Interim Finance approval since the amount added to the Prior Year Reimbursement category exceeds \$75,000. **Work Program #C21753**

Refer to motion for approval under Agenda Item G.

- 28. Department of Education - Individuals with Disabilities Act (IDEA) - FY 2012** - Addition of \$18,274 in federal Handicapped grant funds, \$5,038,073 in federal Individuals with Disabilities Education Act (IDEA) Part B ARRA grant funds, and \$206,633 in federal IDEA Part B Preschool ARRA grant funds to balance forward remaining authority in FY 2011 for these programs. Requires Interim Finance approval since the amount added to the ARRA Funds IDEA Part B category exceeds \$75,000. **Work Program #C21590**

Chairwoman Smith asked Dr. Keith Rheault to provide testimony concerning Agenda Items G-24, 26, and 28.

Keith Rheault, Ph.D., Superintendent of Public Instruction, State Department of Education, explained item G-24 related to the Elementary and Secondary Education Act Title I carryover funds from the American Recovery and Reinvestment Act (ARRA) of 2009. Item 26 involved balancing forward \$158,009 in ARRA Technology Grant funds, and item 28 balanced forward funds from the Individuals with Disabilities Act (IDEA) grants. The three work programs were before the Committee because the funds would expire on September 30, 2011. Dr. Rheault further explained that of the \$13,561,304 in item 24, \$9,292,000 had been expended by school districts and would be paid out upon approval of the work program, which would leave a balance of approximately \$4 million.

The funds in item 26, \$158,009, would be zeroed out through staffing of a statewide project, and of the \$5,038,073 in IDEA funds in item 28, \$3,242,000 would be paid out immediately upon approval of the work program.

Dr. Rheault assured the Committee that the Department had been in constant contact with the school districts, particularly with regard to Title I and Special Education funding, to ensure they were aware that grant funds must be expended through September 30, 2011. All of the districts that had grants with funding to be expended had assured the Department they would expend the funds by September 30. Dr. Rheault noted the funds were fairly flexible, and the Department would make adjustments to the programs if needed to ensure the school districts expended all of the ARRA funds. Dr. Rheault reminded the Committee that in all cases, the ARRA funds were supplemental to the regular federal funds received for Title I and Special Education.

Dr. Rheault said he would be happy to answer questions from the Committee, and Rorie Fitzpatrick was in attendance to answer specific questions if needed.

Chairwoman Smith asked Ms. Fitzpatrick to provide more specific information concerning her work with the school districts to ensure the ARRA funds were obligated by the September 30 deadline.

Rorie Fitzpatrick, Director, Office of Special Education, Elementary and Secondary Education and School Improvement Programs, State Department of Education, explained her office began providing significant technical assistance to the school districts when the ARRA funds were first made available in the spring of 2009. The ARRA funding had been a constant agenda item for meetings of the Special Education Directors and Title I Directors. In addition to conversations during the meetings, the districts were provided information through email, telephone contacts, budget amendments, and weekly reminders that funding would expire on September 30, 2011.

Chairwoman Smith asked why the school districts had to be reminded and all of the funds had not yet been obligated. Ms. Fitzpatrick replied the districts had plans to spend the funds, but her concern was to ensure there were no mistakes made toward that effort. She felt she would be remiss as a leader if she did not remind them of their obligation to ensure every dollar was spent.

Ms. Fitzpatrick explained some of the budgets had to be amended because of changes to the districts' plans. In some cases, districts were unable to hire staff they had intended to hire due to short deadlines. The Congressional intent was clear that the funds were provided to stimulate economic growth, particularly through job creation. The districts created new positions that were only funded for two years, and many of them were not filled because of the temporary nature of the funding; there was no guarantee that the positions would be funded beyond the two years. Ms. Fitzpatrick believed the changes to spending plans made by the districts were still beneficial to students in the areas of technology and data systems.

Chairwoman Smith assumed ARRA reporting requirements and coordination with the Governor's Office were continuing as previously required even though ARRA funding was coming to an end.

Dr. Rheault replied the oversight and processes were still in place. A final fiscal report of all ARRA funding would be due on November 15, 2011; the funds could be expended up until September 30, but reimbursement could be requested until November. He would provide Fiscal staff with the information as soon as it was collected from the school districts.

Chairwoman Smith requested that a report of how the remaining funds were expended be submitted to the Committee at its October meeting. Dr. Rheault replied a report broken out by district would be prepared.

There being no further questions, Chairwoman Smith asked for a motion to approve Agenda Items G-24, 26, and 28.

ASSEMBLYMAN AIZLEY MOVED TO APPROVE AGENDA ITEMS  
G-24, G-26, AND G-28.

SENATOR KIECKHEFER SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED UNANIMOUSLY.

Chairwoman Smith announced items G-29, 31, 33, 34, 35, 36, 37, 38, 39, and 40 would be heard together. Refer to testimony and motion for approval under Agenda Item G-40.

- 29. Nevada System of Higher Education - University of Nevada - Reno - FY 2012 -**  
Addition of \$6,017,936 in Student Surcharges to partially offset budget reductions and an addition of \$1,118,991 in Student Surcharges to be booked in the Nevada System of Higher Education self-supporting budgets for student financial aid, as approved by the Board of Regents at their June 2011 meeting. Requires Interim Finance approval pursuant to S.B. 503, Section 8 of the 2011 Legislative Session.  
**Work Program #C21080**

Refer to testimony and motion for approval under Agenda Item G-40.

Chairwoman Smith announced that items G-30 and G-32 would be heard together.

- 30. Nevada System of Higher Education - University of Nevada - Reno - FY 2012 -**  
Deletion of \$4,539,082 in Budgetary Transfers to mitigate budget reductions at the University of Nevada School of Medicine, as approved by the Board of Regents at their June 2011 meeting. Requires Interim Finance approval pursuant to A.B. 580,

Section 50 (Chapter 371) of the 2011 Legislative Session. **RELATES TO ITEM 32. Work Program #C21548**

Refer to testimony and motion for approval under Agenda Item G-32.

- 31. Nevada System of Higher Education - School of Medical Sciences - FY 2012 -** Addition of \$114,750 in Student Surcharges to partially offset budget reductions and an addition of \$20,250 in Student Surcharges to be booked in the Nevada System of Higher Education self-supporting budgets for student financial aid, as approved by the Board of Regents at their June 2011 meeting. Requires Interim Finance approval pursuant to S.B. 503, Section 8 of the 2011 Legislative Session. **Work Program #C21258**

Refer to testimony and motion for approval under Agenda Item G-40.

- 32. Nevada System of Higher Education - School of Medical Sciences - FY 2012 -** Addition of \$4,539,082 in Budgetary Transfers from the University of Nevada Reno to mitigate budget reductions, as approved by the Board of Regents at their June 2011 meeting. Requires Interim Finance approval pursuant to A.B. 580, Section 50 (Chapter 371) of the 2011 Legislative Session. **RELATES TO ITEM 30. Work Program #C21551**

Mark Stevens, Vice Chancellor for Finance, Nevada System of Higher Education (NSHE), explained items G-30 and 32 represented a transfer of General Fund appropriations of approximately \$4.5 million from the University of Nevada, Reno (UNR) to the University of Nevada School of Medicine (UNSOM) in fiscal year (FY) 2012. He said authority for NSHE to transfer appropriations between budget accounts was included in Assembly Bill 580, section 50, of the 2011 Legislative Session.

Mr. Stevens further explained that due to the importance of health-related issues facing the state and to protect UNR's core research and instructional mission, it was determined that budget reductions required of the School of Medicine, based on levels approved by the 2011 Legislature, should be mitigated, which required additional reductions in other budget areas. He said the result was a recommendation to transfer approximately \$4.5 million in appropriations to the School of Medicine from appropriations approved for the University of Nevada, Reno in FY 2012.

Mr. Stevens said he would answer questions from the Committee, and University of Nevada, Reno President Marc Johnson and Vice President Ron Zurek were in attendance to provide further information.

Chairwoman Smith said it would be helpful to the Committee if President Johnson and Vice President Zurek could provide information on the impact on the programs for which funds were being decreased and on the School of Medicine increases.

Marc Johnson, Ph.D., Interim President, University of Nevada, Reno (UNR), explained the entire budget reduction in UNR's consolidated budgets amounted to approximately \$21.3 million after taking into account the student fee surcharges that had been approved by the Board of Regents. He said that from the beginning, priorities had been placed on protecting the institutions' teaching and research programs, and the School of Medicine represented one of those programs.

Dr. Johnson said consolidation of the budgets had resulted in two budget accounts at the University: the University of Nevada, Reno and the University of Nevada School of Medicine. He noted that the budget changes had been reported in detail as a budget proposal to the Board of Regents, and the Board had approved the budget allocations in June.

Dr. Johnson said the School of Medicine was a joint priority of the State Legislature and Nevada System of Higher Education (NSHE). He recalled that in 2009, the Governor and the Legislature supported a major construction project for the new Health Sciences Education building, which was opened in August 2011. The promise of the building was to eventually increase the medical school class from 62 students to 100 students and to increase the nursing class from 98 students to 196 students. The priority was to build the workforce for medical and health care in the state of Nevada. Unfortunately, Dr. Johnson said, the budget cuts had resulted in funds not being available to increase the teaching faculty in medicine and nursing to fulfill the promise of increasing class sizes. If major budget reductions had been made to the School of Medicine in the current budgetary cycle, it would take many years to recuperate funding to sustain where it was presently and to increase the faculty in the future to fulfill the promise of the new building. Dr. Johnson said it was determined that the UNSOM budget had to be protected now in order that the medical school and nursing student enrollment could grow in the future.

With respect to where the money came from, Dr. Johnson said he could recite a very long list of budget cuts and dollar amounts. Without providing specific figures, he said budgets were reduced in the Department of Theatre and Dance and French. In addition, the following actions were taken:

- Agriculture faculty were being moved from year-long contracts to academic-year contracts.
- One position was reduced in Natural Resources and Environmental Sciences.
- Several vacant faculty positions were closed in geography, economics, library and information technology, and the College of Liberal Arts.
- Some graduate teaching assistants were being eliminated and graduate degrees were being cut back.
- Cuts were made to administrative expenses in the School of the Arts.
- The Child and Family Research Center was being shifted to 100 percent self-funding.
- Engineering temporary instruction would be self-supported by the College.

- Substantial reductions in state support were made for interdisciplinary graduate programs.
- The curriculum assessment office was being closed.
- The core curriculum area administrative expenses were reduced.
- The special collections and archives unit of the library was moved to self-supporting funds.
- The library materials budget was reduced.
- The office supporting international faculty and students was being moved to a completely self-supported basis.
- One Associate Vice President of Student Services position and one Vice President position in Information Technology were closed.
- Two vacant positions were eliminated in the Police Department.
- Reductions were made in operating support, staffing, and facilities in Student Services.
- The Athletics budget was reduced.
- The Nevada Bureau of Mines and Geology lost about half of its state funding, but most of its grant capacity would be sustained.

Chairwoman Smith noted that the Legislature had been told of many of the reductions during the 2011 Legislative Session, but she was interested in the impact on programs as a result of the transfer to the School of Medicine.

Dr. Johnson replied it was difficult to identify specific cuts in specific areas. A combination of all of the cuts he had listed generated savings, and from those savings, \$4.5 million was transferred to UNSOM. He was unable to identify which savings were specifically allocated in the transfer.

Senator Leslie pointed out the request for the transfer appeared to indicate that some very specific areas were affected. As an example, nearly \$1 million was being transferred from Intercollegiate Athletics to the School of Medicine. She asked what was specifically being lost as a result of the transfer.

Dr. Johnson replied that the total budget reductions amounted to nearly \$21.3 million, and from that amount, \$4.5 million was moved to the School of Medicine.

Senator Leslie remarked the request was for the Committee to approve the \$4.5 million transfer from UNR to the School of Medicine, and she did not understand why specifics regarding dollars to be transferred could not be identified.

Dr. Johnson reiterated it was not possible to identify the specific cuts associated with the \$4.5 million transfer. However, 25 percent of the listed cuts would amount to approximately \$4.5 million.

Senator Horsford stated the 2011 Legislature approved UNR's budget in the amount of \$119 million in General Fund appropriations for fiscal year (FY) 2012 and nearly \$27 million in School of Medicine and State Health Laboratory funding. Budget

reductions were made to get to that level of approved legislative funding. In addition, the University and the Board of Regents were recommending another \$4.5 million in reductions at UNR to provide additional funding to the School of Medicine and State Health Laboratory. Senator Horsford recalled that during the 2011 Legislative Session, the Committee was provided with the program impacts that resulted from the legislatively approved General Fund budget, and now the Committee wanted to understand what specific cuts were made in the \$4.5 million reduction in order to make the transfer.

Dr. Johnson said he understood the nature of the question. The implication was cuts were made in two rounds: one during the 2011 Legislative Session and a second to reduce another \$4.5 million to transfer to the School of Medicine. In actuality, however, cuts were not made in two rounds; only one budget adjustment was made in response to the biennial budget reductions required by the Legislature.

Senator Horsford asked whether UNR funding was cut by \$17 million or \$21.3 million during the 2011 Legislative Session. Dr. Johnson replied the total cuts to the two budgets totaled \$21.3 million after calculating in the student surcharge adjusted for financial aid.

Senator Horsford affirmed that it had been determined that the School of Medicine could not tolerate that level of reduction and still meet the Board of Regents' programmatic requirements of the number of medical and nursing students to be educated and trained. Therefore, Dr. Johnson had revisited the reductions to the School of Medicine and determined that additional cuts in other program areas would be imposed. Dr. Johnson replied that was essentially what occurred, but it happened in a single calculation: cuts were not made in two rounds.

Chairwoman Smith said it was helpful for the Committee to be aware of the process and to know that the cuts were not made in two separate rounds of reductions. She requested, however, that Dr. Johnson provide Fiscal staff with specific information on the reductions and what had been saved in the School of Medicine. Dr. Johnson said he would provide Fiscal staff with the detailed budget that was approved by the Board of Regents that indicated by program name where each of the cuts was made.

Chairwoman Smith asked that specific information also be provided concerning the additions to the School of Medicine budget. Dr. Johnson remarked funds were not added to the School of Medicine budget; the budget cuts were just not made.

Ron Zurek, Vice Chancellor for Administration and Finance, University of Nevada, Reno, stated additional detail would be provided to the Committee, and he affirmed that \$21.3 million in budget reductions were made during the 2011 Legislative Session.

Senator Kieckhefer asked why work programs were being submitted if the budget cuts were done in a single round of reductions. He wondered why the adjustments were not made during the budgeting process.



Mr. Stevens replied one of the complications was that the NSHE institutions did not know what their exact funding levels were going to be until very late in the Legislative Session. When authority was provided to the institutions to transfer appropriations between budget accounts, the process was delayed until they knew what their funding levels would be. This particular adjustment involved transfers between budget accounts, and Mr. Stevens did not know of any other instances of the Legislature authorizing institutions to transfer appropriations between budget accounts.

Senator Kieckhefer asked whether it was accurate to state that the University of Nevada, Reno was being over-cut in order to backfill and prevent cuts to the School of Medicine. Dr. Johnson replied he was correct.

Assemblywoman Carlton asked for a description of the current status of the School of Medicine compared to where it was two years ago and whether the institution had been held harmless with the current infusion of dollars.

Dr. Johnson replied the School of Medicine had not been held completely harmless; there were some add-backs for increased retirement contributions to employees, and one of the rural medicine programs was slightly impacted. He added that UNSOM had received cuts in the previous year, but less than the average cut. Priority was placed on teaching programs first and research programs second. He added that many of the administrative services and public service programs had taken disproportionate cuts in their budgets.

Assemblywoman Carlton said at one time the School of Medicine had benefited from receiving a number of grants. She asked what funds were lost and what funds were being replaced with the \$4.5 million transfer.

Dr. Johnson reiterated that the School of Medicine was not receiving an additional \$4.5 million; it was being protected from a \$4.5 million budget reduction proposed by the Legislature and the Governor.

Chairwoman Smith asked whether the savings related to adding slots in the nursing and physician programs. Dr. Johnson replied the savings would not provide for growth; they would just protect the School of Medicine from loss. Additional funding would be required to actually grow the faculty in medicine and nursing in order to be able to increase class sizes. He said by preventing the budget cuts, UNSOM could maintain its current programs and level of slots so that future additional funding could be used for growth in class sizes.

Assemblyman Goicoechea asked for confirmation that 62 slots in the School of Medicine and 98 slots in the nursing program were being maintained and that nothing had changed other than the capacity to expand if funding was available. Dr. Johnson replied he was correct: current enrollment was being protected so that future funding could be applied toward growth.

Senator Rhoads wondered if some programs might benefit by transferring to the community colleges, such as the Department of Agriculture; it would be a good fit at Great Basin College. He speculated that some of the mining programs could be taught at community colleges throughout the state. He asked whether consideration had ever been given to such possibilities and whether savings would result.

President Johnson replied Great Basin College had an agriculture program which had been put on hiatus at the last Board of Regents' meeting because of the small number of students enrolled. He said agricultural and mining technical programs were currently taught in the community colleges and Great Basin College. However, Dr. Johnson added, the mining industry had indicated it wanted employees with bachelor's and master's degrees, such as mining engineers and materials processing engineers, and the industry was supporting UNR with endowed faculty positions in the higher degree levels for mining engineers.

Senator Horsford said he appreciated the discussion and thanked Dr. Johnson for his explanation. He observed that part of the Committee's concern was that attempts were made to reach a balanced solution during the Legislative Session, and the present situation did not seem to be very balanced. As a legislator who advocated giving autonomy to the NSHE institutions and authority to the Presidents to make decisions, he had hoped the decisions would be made in a fair and equitable manner. Senator Horsford said he had received multiple emails concerning the disproportionate cuts made to the Cooperative Extension, and his response to those individuals had been that the cuts were institutional-level decisions that had to be prioritized.

Senator Horsford was disappointed that in order to protect the School of Medicine from any reductions in funding, disproportionate levels of cuts and reductions were made to other programs, which was not the balanced approach he had supported. Every program at every college and university in the state had to undergo reductions, and he did not believe it was fair for the Medical School to not have been part of the reduction process. Senator Horsford said he understood that as President of the University, Dr. Johnson had to make decisions, and the Board of Regents had to hold him accountable, but as a legislator who approved a portion of the funding, he felt compelled to articulate his concerns. He did not disagree that the state needed more doctors and nurses, but teachers and economists were also needed. Senator Horsford felt the University was going backward by protecting one program at the expense of others.

President Johnson responded that the University had taken a strategic preservation approach to the budget cuts, which meant that some departments had been completely closed and all state funds had been taken away, and other programs were left self-supporting, with the notion that those programs that were retained should be kept at the same size and strength as they had been in the past. He said programs that were protected included health sciences programs across the board and the College of Engineering. President Johnson said programs were protected on a strategic basis because by protecting the size and strength at the current levels in most of the

programs across the University, the University would be strong enough to grow out of the very bad economic situation.

SENATOR KIECKHEFER MOVED FOR APPROVAL OF AGENDA ITEMS G-30 AND G-32.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Senator Horsford voted no.)

- 33. Nevada System of Higher Education - University of Nevada - Las Vegas - FY 2012** - Addition of \$8,283,199 in Student Surcharges to partially offset budget reductions and an addition of \$1,539,115 in Student Surcharges to be booked in the Nevada System of Higher Education self-supporting budgets for student financial aid, as approved by the Board of Regents at their June 2011 meeting. Requires Interim Finance approval pursuant to S.B. 503, Section 8 of the 2011 Legislative Session. **Work Program #C21257**

Refer to testimony and motion for approval under Agenda Item G-40.

- 34. Nevada System of Higher Education - UNLV Law School - FY 2012** - Addition of \$1,123,794 in Student Surcharges to partially offset budget reductions and an addition of \$481,626 in Student Surcharges to be booked in the Nevada System of Higher Education self-supporting budgets for student financial aid, as approved by the Board of Regents at their June 2011 meeting. Requires Interim Finance approval pursuant to S.B. 503, Section 8 of the 2011 Legislative Session. **Work Program #C21259**

Refer to testimony and motion for approval under Agenda Item G-40.

- 35. Nevada System of Higher Education - Dental School - UNLV - FY 2012** - Addition of \$556,920 in Student Surcharges to partially offset budget reductions and an addition of \$98,280 in Student Surcharges to be booked in the Nevada System of Higher Education self-supporting budgets for student financial aid, as approved by the Board of Regents at their June 2011 meeting. Requires Interim Finance approval pursuant to S.B. 503, Section 8 of the 2011 Legislative Session. **Work Program #C21260**

Refer to testimony and motion for approval under Agenda Item G-40.

- 36. Nevada System of Higher Education - Great Basin College - FY 2012** - Addition of \$450,455 in Student Surcharges to partially offset budget reductions and an addition of \$79,494 in Student Surcharges to be booked in the Nevada System of Higher Education self-supporting budgets for student financial aid, as

approved by the Board of Regents at their June 2011 meeting. Requires Interim Finance approval pursuant to S.B. 503, Section 8 of the 2011 Legislative Session. **Work Program #C21263**

Refer to testimony and motion for approval under Agenda Item G-40.

- 37. Nevada System of Higher Education - Western Nevada College - FY 2012 -** Addition of \$665,735 in Student Surcharges to partially offset budget reductions and an addition of \$117,483 in Student Surcharges to be booked in the Nevada System of Higher Education self-supporting budgets for student financial aid, as approved by the Board of Regents at their June 2011 meeting. Requires Interim Finance approval pursuant to S.B. 503, Section 8 of the 2011 Legislative Session. **Work Program #C21265**

Refer to testimony and motion for approval under Agenda Item G-40.

- 38. Nevada System of Higher Education - College of Southern Nevada - FY 2012 -** Addition of \$4,933,015 in Student Surcharges to partially offset budget reductions and an addition of \$870,532 in Student Surcharges to be booked in the Nevada System of Higher Education self-supporting budgets for student financial aid, as approved by the Board of Regents at their June 2011 meeting. Requires Interim Finance approval pursuant to S.B. 503, Section 8 of the 2011 Legislative Session. **Work Program #C21262**

Refer to testimony and motion for approval under Agenda Item G-40.

- 39. Nevada System of Higher Education - Truckee Meadows Community College - FY 2012 -** Addition of \$1,522,975 in Student Surcharges to partially offset budget reductions and an addition of \$268,761 in Student Surcharges to be booked in the Nevada System of Higher Education self-supporting budgets for student financial aid, as approved by the Board of Regents at their June 2011 meeting. Requires Interim Finance approval pursuant to S.B. 503, Section 8 of the 2011 Legislative Session. **Work Program #C21264**

Refer to testimony and motion for approval under Agenda Item G-40.

- 40. Nevada System of Higher Education - Nevada State College at Henderson - FY 2012 -** Addition of \$680,637 in Student Surcharges to partially offset budget reductions and an addition of \$120,112 in Student Surcharges to be booked in the Nevada System of Higher Education self-supporting budgets for student financial aid, as approved by the Board of Regents at their June 2011 meeting. Requires Interim Finance approval pursuant to S.B. 503, Section 8 of the 2011 Legislative Session. **Work Program #C21261**

Chairwoman Smith asked officials from the Nevada System of Higher Education (NSHE) to provide testimony concerning Agenda Items G-29, 31, 33, 34, 35, 36, 37, 38, 39, and 40.

Mark Stevens, Vice Chancellor for Finance, Nevada System of Higher Education (NSHE), testified that items 29, 31, and 33 through 40 were similar in that they were work programs requesting approval to augment student fee revenues that were approved by the Board of Regents at its meeting in June 2011. He said the Board had approved a student fee surcharge of 13 percent for undergraduate students and 5 percent for graduate students in fiscal year (FY) 2012. Additional fee increases for the professional schools had been approved by the Board, and the amounts varied.

Mr. Stevens explained the revenues included in the work programs represented the amounts allocated to the state-supported operating budgets to partially offset budget reductions and totaled approximately 85 percent of the total revenues generated. The balance, approximately 15 percent of the revenues generated, was retained (not budgeted in the state-supported operating budgets) by the institutions to increase funds available for student financial aid, as NSHE had proposed to the Legislature during the 2011 Legislative Session. Mr. Stevens said it was NSHE's intention that whatever fee increases (student surcharges) were approved by the Board of Regents, 15 percent would be used for student financial aid.

Mr. Stevens said that subsection 2 of Senate Bill 503 (2011 Authorizations Act) provided that NSHE may also expend, with the approval of the Interim Finance Committee, any additional registration fees and nonresident tuition fees resulting from the imposition of fee increases. He noted a summary of each of the work programs was included in the Committee's meeting packet ([Exhibit C](#)), which provided the information on student fee surcharges being allocated to the state-supported operating budgets for each institution that totaled approximately \$24.3 million. The amount not included by the institutions in the work programs before the Committee to support additional funds for student financial aid was approximately \$4.7 million. Mr. Stevens said all of the money being retained for student financial aid was accounted for in the self-supporting budgets of each institution, which had been provided to Fiscal staff earlier in the week.

Mr. Stevens offered to answer any questions from the Committee concerning the surcharge work programs (items 29, 31, and 33 through 40).

Chairwoman Smith stated the issue appeared to be whether NSHE should be allowed to retain the portion of the surcharge revenue for financial aid outside of the state-supported operating budgets, or it should be required to comply with the Letter of Intent that was proposed by the money committees when NSHE's budgets were closed and budget the funds in the state-supported accounts.

Mr. Stevens explained that the Board of Regents had a policy that at least 10 percent of lower-division course registration fees at the community colleges and at least 15 percent of course registration fees for all other institutions would be utilized for

student financial aid by fiscal year 2023. He said currently 9.2 percent of the student registration fee was allocated by the institutions and utilized for student financial aid at the universities, and 4.7 percent was allocated by the community colleges. Mr. Stevens noted there was a long way yet to go to meet the Regents' policy of having 15 percent of regular course registration fees available for student financial aid. He noted the financial aid funds currently available were not included in the state-supported operating budgets: they were within the campus-retained portion of the student fees budgeted within the institutions' self-supporting budgets.

Continuing, Mr. Stevens explained the FY 2012 undergraduate course registration fee at the universities, not including the surcharges, was \$156.75 per credit hour, and \$14.42, or 9.2 percent, of that amount was allocated to the self-supporting budgets for student financial aid. Of the remaining fee, \$106.06 was budgeted in the state-supported operating budgets, and the remainder was budgeted in the institutions' self-supporting budgets and expended for a variety of activities, including student access. Mr. Stevens said NSHE recommended that it continue to fulfill the Board of Regents' policy to increase student financial aid by budgeting those additional amounts of student fee surcharge increases outside of the state-supported operating budgets going forward to meet the Regents' financial aid allocation goal by FY 2023.

Assemblyman Conklin remarked the *Nevada Revised Statutes* and the proposed Letter of Intent clearly stated that all student fee increases were to be budgeted in the appropriate state-supported operating budget. He supported using a portion of the fee for financial aid, but in order to comply with the law, he asked why the entire fee could not be deposited in the state-supported account and the appropriate amounts taken out for financial aid.

Mr. Stevens recalled numerous conversations in the money committee hearings and privately with legislators during the 2011 Legislative Session in which NSHE had clearly indicated that it intended to use 15 percent of any student fee increase for financial aid in the 2011-2013 biennium. The NSHE had traditionally used that amount as a campus-retained amount under the control of the institutions, and it was not included in the state-supported operating budget. Mr. Stevens said a change in policy would completely conflict with past history; in the 30 years he had been involved with NSHE budgets, 15 percent of any increase in student fees had always been a campus-retained amount for student financial aid.

Chairwoman Smith observed the question was not as much whether to use the money for financial aid as it was in which budgets (i.e., state-supported or NSHE self-supporting) the fees should be held.

Senator Kieckhefer asked what percentage of the Board of Regents' goal for financial aid would be reached with the additional funding set aside for financial aid in the work programs being considered by the Committee.

Mr. Stevens replied that currently the universities were at 9.2 percent and the goal was 15 percent. The community colleges were currently at 4.7 percent and the goal was 10 percent. He would have to calculate the overall percentage increase after inclusion of the additional fees in these work programs.

Senator Kieckhefer speculated if the funds set aside for financial aid in these work programs were booked into the state-supported state accounts and directed toward financial aid, the increase in the percentages toward meeting the Regents' goal would not change.

Mr. Stevens replied that was NSHE's view. Funds could be used for student financial aid if they were in the state-supported operating budgets. But funds that were currently used for financial aid were now under the institutions' control. He recalled several conversations during the 2011 Legislative Session concerning granting the NSHE institutions more autonomy and removing some of the rules that NSHE had to operate under so it could become more business-like. Mr. Stevens said reducing the autonomy would seem to be opposite of the intent of those discussions during the Legislative Session.

Senator Kieckhefer recalled there was also discussion about the need to have a broader review of all funds going into the System for all campuses, and that the Legislature would be moving forward with an interim review of financing for higher education overall. He said he would be more inclined to book the 15 percent set-aside into the state accounts and support its use for financial aid. The policy could be reviewed during the interim to consider changes.

Senator Horsford asked Mr. Stevens which process provided the ultimate ability for the fees to be retained by the institutions at which they were assessed.

Mr. Stevens replied in either scenario, 100 percent of the registration fee surcharge revenues would remain at and be expended by the institution at which they were generated. The NSHE would prefer to retain the surcharge revenues within the self-supporting accounts of the respective institutions, as had historically been done.

Senator Horsford asked for clarification of whether the surcharge revenues were reallocated to institutions in a different formula or they were allocated at 100 percent in the manner in which they were assessed. Mr. Stevens reiterated student fee revenues were retained and expended at the institution where they were generated.

Senator Horsford asked for confirmation that NSHE had committed that at least 15 percent of student registration fee reserves would be used for financial aid assistance to students in need.

Mr. Stevens concurred, adding that current Board of Regents' policy was that by fiscal year 2023, at least 10 percent of the total lower-division per-credit-hour registration fee at the community colleges and at least 15 percent of the total per-credit-hour

registration fee at the universities would be set aside for financial aid. He reiterated that currently 9.2 percent of the registration fee at the universities was allocated to student financial aid in the self-supporting accounts, and the goal was to reach a minimum of 15 percent for the universities by fiscal year 2023. Mr. Stevens noted that as student fees were increased, the percentage allocated to financial aid would increase over time. In response to Senator Horsford's request for further clarification, Mr. Stevens explained the registration fee at the universities, excluding the 13 percent surcharge, was \$156.75 per credit hour, of which \$14.42 was budgeted in the self-supporting budgets of the institutions for student financial aid. The 13 percent surcharge was in addition to the \$156.75 per credit, and 15 percent of that amount would be added to the \$14.42 at each of the institutions for student financial aid. As student fees increased over time, more money would be allocated to student financial aid to reach the Board's minimum target of 15 percent.

Continuing, Mr. Stevens explained 15 percent of the 13 percent student fee surcharge and the 9.2 percent of the registration fee currently being allocated for financial aid combined would total approximately 10 percent of the total per-credit-hour fee charged.

Chairwoman Smith thanked Mr. Stevens for his testimony. She noted the work programs as submitted would retain the financial aid portion of the registration fees in the self-supporting accounts, as had been done in the past. If the Committee wished to change that practice, she would take separate motions on the items; otherwise, she would entertain a motion to approve all of the items under discussion.

Assemblyman Conklin stated he understood Senator Kieckhefer's concerns, but since there was going to be an interim study committee, on which multiple IFC members would serve, to review funding and funding formulas for the Nevada System of Higher Education, he recommended that the Committee approve the items according to historical practice and rely on the interim committee to study the NSHE funding formula. He supported approving the items as proposed in the work programs.

Assemblyman Aizley asked for assurance that the entire surcharge would be allocated to the institution at which it was generated. Mr. Stevens replied all student fee surcharges would be expended by the institution where those fees were generated. Based on the work programs being discussed, 85 percent of those revenues generated from the 13 percent increase would be budgeted in the state-supported operating budget of the institution where the fee was generated, and 15 percent would be allocated to the self-supporting budgets of that institution for financial aid purposes.

Assemblyman Aizley surmised if the goal was to have 15 percent of student per-credit-hour fees at the universities used for financial aid, and currently the percentage was less, any increase in student fees should have more than 15 percent allocated for financial aid in order to reach the long-range goal of 15 percent.

Mr. Stevens replied he agreed that in the future, as student fees increased, there would need to be an increasing amount allocated to financial aid in order to meet the target set



by the Board of Regents. He noted that after the 2009 Session, 100 percent of the student fee surcharges went into the state-supported operating budgets to offset budget reductions made in the 2009-2011 biennium. Mr. Stevens said the Board of Regents did not want to raise fees again in 2011 and not set aside a certain portion for student financial aid.

After consulting Legislative Counsel, Assemblyman Conklin disclosed that he currently worked in the Nevada System of Higher Education, but he would not be affected differently than anyone else by the vote, and he would therefore continue to participate in voting on the items.

Chairwoman Smith noted that Agenda Items G-29, 31, 33, 34, 35, 36, 37, 38, 39, and 40 related to the same surcharge/registration fee policies. She asked for further questions or discussion before entertaining a motion; there were none.

SENATOR RHOADS MOVED FOR APPROVAL OF AGENDA  
ITEMS G-29, 31, 33, 34, 35, 36, 37, 38, 39, AND 40.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

Senator Horsford requested that NSHE be required to provide Fiscal Analysis Division staff with the self-supporting budgets, similar to the breakout and the detail that was provided during the 2011 Legislative Session, in order to provide full transparency and accountability for the self-supporting accounts and categories. He noted the 2011 Session was the first time the self-supporting accounts had been fully accounted for, which he believed indicated improvement and progress toward all NSHE financial records being part of the overall discussion. He asked that his request be included in the motion.

SENATOR RHOADS AND ASSEMBLYMAN GOICOECHEA  
AGREED TO INCLUDE IN THE MOTION THAT IN THE FUTURE  
THE NEVADA SYSTEM OF HIGHER EDUCATION WOULD  
PROVIDE THE FISCAL ANALYSIS DIVISION WITH THE DETAILS  
OF THE NSHE INSTITUTIONAL SELF-SUPPORTING BUDGETS.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED UNANIMOUSLY.

- 41. Department of Agriculture - Mormon Cricket and Grasshoppers - FY 2012 -**  
Addition of \$261,007 in federal U.S. Department of Agriculture (USDA), Nevada Mormon Cricket and Grasshopper Survey, Treatment and Environmental grant funds to assist with finishing surveys, and complete data entry, map and report production. Requires Interim Finance approval since the amount added to the USDA Cricket Survey category exceeds \$75,000. **Work Program #C21380**

Refer to motion for approval under Agenda Item G.

42. **Department of Business and Industry - Industrial Relations - Occupational Safety and Health Enforcement - FY 2012** - Addition of \$195,969 in U.S. Department of Labor, Occupational Safety and Health Administration funds to purchase computer and communication equipment, furniture, sampling/testing and inspection equipment, and training. Requires Interim Finance approval since the amount added to the Training category exceeds \$75,000. **Work Program #C21157**

Refer to motion for approval under Agenda Item G.

43. **Department of Business and Industry - Industrial Relations - Occupational Safety and Health Enforcement - FY 2012** - Addition of \$76,723 in federal Department of Occupational Health and Safety funds to purchase two vehicles, industrial hygiene equipment and supplies, and a laptop computer for the Voluntary Protection Program. Requires Interim Finance approval since the cumulative amount added to the Equipment category exceeds \$75,000. **Work Program #C21618**

Refer to motion for approval under Agenda Item G.

44. **Department of Business and Industry - Industrial Relations - Safety Consultation and Training - FY 2012** - Addition of \$82,392 in U.S. Department of Labor funds to purchase sampling and testing equipment, furniture, communication equipment, printers, architectural services, publications, air sampling equipment, computer equipment, and training. Requires Interim Finance approval since the amount added to the Operating Expenses category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21484**

Refer to motion for approval under Agenda Item G.

45. **Department of Business and Industry - Housing Division - FY 2012** - Addition of \$176,856 in Department of Housing and Urban Development, Tax Credit Assistance Program ARRA funds to provide capital investment in low-income housing tax credit projects. Requires Interim Finance approval since the amount added to the ARRA-Tax Credit Assistance Program Awards category exceeds \$75,000. **Work Program #C21534**

Refer to motion for approval under Agenda Item G.

46. **Department of Business and Industry - Housing Division - Special Housing Assistance - FY 2012** - Addition of \$4,998,974 in Neighborhood Stabilization Program Round 3 funds to support local efforts to reverse the effects foreclosed properties have on surrounding neighborhoods and make investments that will reduce blight, bolster neighboring home values, create jobs and produce affordable housing. Requires Interim Finance approval since the amount added to

Neighborhood Stabilization Program Round 3 Subgrantees category exceeds \$75,000. **Work Program #C21375**

Dr. Hilary Lopez, Chief of Federal Programs, Nevada Housing Division, Department of Business and Industry, explained item 46 was a request for the Housing Division to carry forward \$4,998,974 from fiscal year (FY) 2011 to FY 2012 in Neighborhood Stabilization Program Round 3 (NSP3) funds. She said the goal of the NSP3 program was to help the Housing Division purchase foreclosed or abandoned homes, rehabilitate them, and either rent, resell, or redevelop the homes in order to help stabilize heavily impacted neighborhoods.

Dr. Lopez said Nevada was awarded \$5 million in federal NSP3 funds in March of 2011. The funds were authorized under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and flowed through the U.S. Department of Housing and Urban Development (HUD). She said when the original request for authorization of the funds was brought to IFC, the NSP3 plan was not fully developed or approved by HUD, and both were now done. Dr. Lopez said the NSP3 plan currently called for targeting NSP3 funds into the following areas throughout the state:

- \$1 million to provide down-payment assistance within the Fernley target area.
- \$800,000 to provide down-payment assistance within the Pahrump target area.
- \$400,000 to Washoe County to assist in efforts to acquire and rehabilitate small, multi-family four- to eight-plex units and to rent them as permanent supportive housing to those with incomes under 50 percent of area median income.
- \$600,000 to the Nevada Housing Division to assist with acquisition, rehabilitation, or redevelopment of large-scale multi-family properties in three target neighborhood areas in Clark County: Agate, Pinewood, and Las Vegas.
- \$500,000 to the City of North Las Vegas to assist in acquisition, demolition, and redevelopment of the Buena Vista Springs apartment complex, which was in foreclosure.
- \$400,000 to the Nevada Housing Division to work with the Southern Regional Housing Authority to acquire, rehabilitate, and rent single-family homes within the Buena Vista Springs target area.
- \$1 million to the Nevada Housing Division to assist one or more non-profit developers with acquisition, rehabilitation, and resale of single-family homes within the Buena Vista Springs target area.
- \$300,000 to the Nevada Housing Division and sub-recipients to provide planning, legal, consulting and professional services and general administration support of NSP3 program.

Dr. Lopez said at this point in time, the Division was attempting to determine whether the Buena Vista Springs project would move forward and, if not, the funds would be reallocated. That area was selected for the acquisition and rehabilitation programs to help leverage the American Recovery and Reinvestment Act (ARRA) of

2009 Weatherization Assistance funding being utilized in North Las Vegas, but those funds could only be used for occupied homes and the NSP3 funds would be used for vacant homes.

Senator Horsford noted the breakdown by target areas was not included in the meeting packet ([Exhibit C](#)), and he asked Dr. Lopez to describe the target areas in Clark County. Dr. Lopez said the specific information was included in the NSP3 Substantial Amendment, which was posted on the Nevada Housing Division website. She would provide Senator Horsford with a copy of the amendment.

Senator Horsford asked which areas of southern Nevada were targeted. Dr. Lopez replied four specific areas within Clark County were being targeted:

- The Agat Street area, which was bordered on the north by West Pueblo Road, on the west by I-15, on the south by West Serene Road, and on the east by South Las Vegas Boulevard.
- An area in downtown Las Vegas.
- The Pinewood area, bordered on the north by East Desert Inn Road, on the west by Paradise Road, on the south by East Twain Avenue, and on the east by Maryland Parkway.
- The Buena Vista Springs area, bordered on the north by Carrier Street, on the west by Clayton Street, on the south by West Carrier Avenue, and on the east by Revere Street.

Senator Horsford asked whether the intent of the NSP3 funding was to acquire and rehabilitate multi-family units that were distressed properties.

Dr. Lopez replied one of the differences between NSP1 and NSP3 funds was HUD's focus on multi-family housing, and the state was asked to give a preference to multi-family units. She said the Division had seen more large-scale multi-family units move into foreclosure, so it was trying to address that area. In addition, the Division was approached by the City of North Las Vegas, which was working on the Buena Vista Springs acquisition, demolition, and redevelopment project, and asked to participate. Dr. Lopez noted the state had provided low-income housing tax credits to the Buena Vista project several years before, and there was another project adjacent to Buena Vista that was still a viable low-income housing tax credit project. The Division felt the Buena Vista project would be a good use of the NSP3 funds to protect investments previously made by the Division and to leverage other investments in adjacent areas.

Senator Horsford asked what action would follow once the work program was approved and the Division had access to the funds.

Dr. Lopez said the plan had been approved, although adjustments could be made if a project did not move forward or was not seen as viable. The grant agreement had been received from HUD, and the Division had contracted with several of the entities for the funds. North Las Vegas had already received its \$500,000 allocation, and the purchase

of the Buena Vista Springs property was scheduled to close the first week of September.

Senator Horsford said he was familiar with the Buena Vista Springs property because of constituent concerns that some of the units were uninhabitable. He noted the City of North Las Vegas had a budget shortage, and he assumed the Regional Housing Authority would coordinate the project.

Dr. Lopez replied the funds would actually flow through Clark County for the Buena Vista Springs project because the County and North Las Vegas were part of a consortium for NSP purposes. Should there be problems with the status of the City of North Las Vegas, Clark County would be responsible for ensuring that either the project moved forward or the funds were returned to the Division or reallocated to a different eligible NSP3 activity.

Senator Horsford asked for confirmation that the \$500,000 would be used for acquisition, even though the property was uninhabitable. Dr. Lopez said it was her understanding that the property would be demolished, current residents would be offered relocation assistance, and the property would be land banked while the city determined what would be redeveloped on the site. She said there was a specific amount of time within which the property would have to be redeveloped; it was her understanding the city was considering either a residential or mixed-use type of property. The state had been promised at least eight units of low-income housing once the property was developed,

Senator Horsford asked what data was used to support the specific target areas. Based on the percentage of foreclosures and value of properties, there were particular areas in southern Nevada that were disproportionately affected. He wanted assurance that the highest level of need and impact was being served through the grants.

Dr. Lopez replied a variety of data was consulted, and HUD had notified all NSP3 grantees that it wanted a very focused and targeted effort rather than broader areas as defined under NSP1. She said HUD data was used that considered the number of vacant properties in an area, real estate owned properties, the number of high-cost mortgages within the area, percent of moderate and low-income households, and the potential number of units that needed to be addressed. In addition, Dr. Lopez continued, the Division consulted data available through Realty Trak, data collected on the Division's own portfolio, including data on market rate multi-family units and single-family units, to analyze where there were high rates of loan defaults. She said discussions were also held with colleagues in all of the local jurisdictions and public comment was solicited from the different areas of the state.

Dr. Lopez said when all of the data was compiled, it was found that Lyon, Clark, Nye, and Washoe Counties were the most impacted by the foreclosure crisis, and the specific areas the Division chose within those areas were the most affected. The top four impacted counties also contained the two largest metropolitan areas in the state as

defined by the U.S. Census Bureau. She noted all of the target areas were also within the two largest consolidated statistical areas as determined by the Census Bureau.

Chairwoman Smith thanked Dr. Lopez for her comprehensive presentation.

Assemblyman Grady said he understood Dr. Lopez to say that one of the properties was financed by tax-exempt bonds. If that was the case, he asked whether the state would go after the commercial investor that built the property, owned it, let it become run down, and walked away, leaving the state to pay \$500,000 to get the property back. He asked whether the company would be prohibited from ever getting more tax-exempt bonds, or if it could apply for more bonding at a later date.

Dr. Lopez replied the property in question, Buena Vista Springs, received an allocation of low-income housing tax credits. The tax credits allocated would have been sold through a syndicator to an investor. As the property moved into foreclosure, that investor would no longer be able to claim those tax credits on its federal income tax return. That was one penalty, and there were others. Dr. Lopez said the Division, the City of Las Vegas, and the City of North Las Vegas had previously tried to work with the particular developer on other issues. However, once the property went into foreclosure, the penalty to the developer was on the federal income tax side. She added the Division had processes in place to scrutinize the investor closely should it return for further allocations of funding.

Assemblyman Goicoechea asked how many dwellings were on the Buena Vista Springs property. Dr. Lopez replied the property had 288 units spread over multiple buildings.

Assemblyman Goicoechea asked what the total commitment for acquisition and rehabilitation would be. Dr. Lopez replied the state had allocated \$500,000 toward the effort; she was not sure how much had been committed by the City of North Las Vegas, but it would be the balance for the acquisition of the property as well as funds toward redevelopment.

Assemblyman Goicoechea speculated the funding might not be sufficient for that size of development. Senator Horsford clarified the property was a very run down apartment complex that had been determined to be uninhabitable several years before, and therefore the owner lost its Section 8 status. The premises had to be vacated and had been vacant for a majority of the time before ultimately being foreclosed upon. Senator Horsford understood the developer was from out of state. He said he was pleased that the property was being demolished and efforts were being made to develop a better project.

SENATOR HORSFORD MOVED FOR APPROVAL OF AGENDA  
ITEM G-46.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

Chairwoman Smith asked for public comment; there was none.

THE MOTION CARRIED. (Senator Denis and Assemblyman Conklin were not present for the vote.)

- 47. Department of Business and Industry - Housing Division - Special Housing Assistance - FY 2012** - Addition of \$3,614,989 in Neighborhood Stabilization Program funds and deletion of \$543,219 in Balance Forward from Previous Year funds to align revenue with anticipated receipts. This revenue provides grants to support the stabilization of neighborhoods in response to the foreclosure crisis and provides grants to encourage the creation of employer-assisted housing programs. Requires Interim Finance approval since the amount added to the Neighborhood Stabilization Program Subgrantees category exceeds \$75,000. **Work Program #C21555**

Refer to motion for approval under Agenda Item G.

- 48. Department of Business and Industry - Housing Division - Weatherization - FY 2012** - Addition of \$4,195,238 in ARRA Sustainable Energy Resources for Consumers funds to expand the Weatherization Assistance Program beyond the materials, benefits and technologies currently covered by the program adding solar hot water, photovoltaic panels, home energy displays and related measures. Requires Interim Finance approval since the amount added to the ARRA - Sustainable Energy Resources for Consumers Subgrantees category exceeds \$75,000. **Work Program #C21376**

Refer to motion for approval under Agenda Item G.

- 49. Department of Business and Industry - Taxicab Authority - FY 2011** - Transfer of \$15,378 from the Reserve category to the Versa Information System category to maintain and support the Driver Licensing System through the end of SFY 2011. Requires Interim Finance approval since the cumulative amount added to the Versa Information System category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21409**

Refer to motion for approval under Agenda Item G.

- 50. Office of Economic Development - Nevada Film Office - FY 2012** - Addition of \$215,598 in Miscellaneous Advertising revenues balanced forward from FY 2011 to continue support of the agency's ongoing film site location marketing efforts. Requires Interim Finance approval since the amount added to the Location Marketing category exceeds \$75,000. **Work Program #C21519**

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that items G-51 and G-53 would be heard together.

- 51. Department of Tourism and Cultural Affairs - Nevada Arts Council - FY 2012** - Addition of \$2,000 in federal National Endowment for the Arts Partnership grant funds and transfer of \$22,515 from the Artist Services Program category to the Operating category; \$22,416 from Public Information/Arts Initiatives category to the Operating category; \$4,265 from the Arts in Education category to the Community Arts Development Program category; \$13,730 from the Grants Program category to the Community Arts Development Program category; and \$2,524 from the Folklife Program category to the Information Services category to align state budget authority with the federal grant award and adjust funding as approved by the Board of the Nevada Arts Council. Requires Interim Finance approval since the amount added to Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21307**

Refer to testimony and motion for approval under Agenda Item G-53.

- 52. Department of Tourism and Cultural Affairs - Nevada Arts Council - FY 2012** - Addition of \$33,810 in License Plate Fees balanced forward from FY 2011 to continue support for programs that enhance arts education for children. Requires Interim Finance approval since the amount added to the License Plate Initiative category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21451**

Refer to motion for approval under Agenda Item G.

- 53. Department of Tourism and Cultural Affairs - Nevada Arts Council - FY 2012** - Addition of \$84,616 in federal National Endowment for the Arts Partnership grant funds to align state budget authority with the federal grant award to support program expenditures. Requires Interim Finance approval since the cumulative amount added to the Operating category exceeds \$75,000. **Work Program #C21473**

Susan Boskoff, Administrator, Nevada Arts Council, introduced herself and stated that Linda Ficklin, Administrative Services Officer, would present the work programs in items 51 and 53 to the Committee.

Linda Ficklin, Administrative Services Officer, Nevada Arts Council (NAC), explained item 51 added \$2,000 to the federal National Endowment for the Arts (NEA) Partnership grant and redistributed that amount to various expenditure categories, and item 53 balanced forward \$84,616 in federal National Endowment for the Arts Partnership grant funding. She offered to answer questions from the Committee.

Chairwoman Smith requested a more thorough overview of the reason for the requests. She was concerned with several aspects of the work programs, but she would first entertain questions from the Committee.



Assemblyman Bobzien asked for an explanation of why the total grants awarded by the Nevada Arts Council for fiscal year (FY) 2012 were less than the amounts authorized by the 2011 Legislature.

Ms. Ficklin replied item 51 was a reconfiguration of the National Endowment for the Arts funds, and per the National Endowment, the funds could be spent on a number of items besides grants, including programs, services, and travel. The Board of the Nevada Arts Council was responsible for the distribution of grant funds, which were distributed at the Council's June 14, 2011, meeting in the amount of \$688,152.

Assemblyman Bobzien observed the amount awarded was approximately 11 percent less than the grants amount budgeted, which was \$775,579.

Ms. Boskoff explained that in May 2011, at the end of the 2011 Legislative Session, the Nevada Arts Council learned it would receive an 8 percent reduction in its federal grant, a loss of \$60,000. She said although the Legislature restored \$25,000 a year for grants, the additional 9.6 percent budget cuts and the loss of two positions required the NAC to reassess what programs it could continue and how to follow the mission of the agency and the mandates of the NEA and the 2011 Legislature.

Ms. Boskoff said she submitted four budget scenarios to the NAC Board after the grant panels for FY 2012 were conducted. She explained the Board was engaged in the process because it was legislatively directed to authorize and allocate grants, and she believed the Board had to reduce grants to maintain the agency's operations and enable it to process the hundreds of grant applications it received annually. Ms. Boskoff said the Board voted, quite unhappily, to suspend funding to a number of grants to help support NAC activities such as the ongoing streamlining of the Grants Online (GO) system and ManpowerGroup (Manpower) temporary staffing to support the duties that were performed by the Administrative Assistant 2 position that was eliminated. She explained the position was the only secretarial position in the agency, which included two offices, and that it had been responsible for website management, grants intake, and a number of other activities that were necessary for the agency to operate.

Mark Costa, Administrative Services Officer, Department of Cultural Affairs, clarified that the work programs involved two separate grant years. Item 51, reflecting a net gain of \$2,000, was for the fiscal year 2011 NEA grant, and the agency did not receive notification of the grant amount from the NEA until after May 25, 2011, when the legislative budget was well on its way toward being finally approved. It was necessary to adjust expenditure categories accordingly.

Mr. Costa explained item 53 reflected an increase of \$84,616, which was the remaining amount of a separate FY 2010 NEA grant that had been balanced forward to fiscal year 2011 and was now being requested to balance forward to FY 2012. He understood the Committee's concern, because reductions were being made in grant funding that benefitted the community and NAC operating expenses were being increased by \$45,000. However, the FY 2010 NEA grant allowed for some of the funding to be put

back into the community. Mr. Costa said NAC was concerned because two positions had been eliminated: a Program Specialist and an Administrative Assistant. Management of the website was critical to the agency's operations, and the positions were also instrumental in the administration of the 600-plus grant applications received per year.

Assemblyman Bobzien remarked that the Legislature was tasked with making very difficult decisions throughout the budget process, and he recalled quite clearly that the focus during the 2011 Legislative Session was on the importance of the level of funding for grants. The priority was to protect the funds going to grants in the community.

Assemblyman Bobzien noted the Administrative Assistant position was eliminated, but a temporary employee from the Manpower employment agency had been hired to work 40 hours week. He believed the contract employee contradicted the intent of the legislatively approved budget: it was not just an adjustment.

Ms. Boskoff said she understood Assemblyman Bobzien's frustration and confusion. She had tried to make it clear that in a small agency with two offices, the Administrative Assistant position was crucial to perform certain tasks and keep the agency's doors open. It was the only secretarial position, the agency did not have a deputy director, and there was no one in the Las Vegas office. She said the agency was in the process of reformatting to accommodate the current budget, and the staff was doing a remarkable job in establishing more streamlined processes by which to accept, review, and consider the 600-plus grant applications. The agency would be reorganized with a streamlined grants management team and a content team to help NAC constituents.

Continuing, Ms. Boskoff emphasized the importance of the secretarial position to help with the website management. She noted the agency was transitioning to the new Department of Tourism and Cultural Affairs, and only four Cultural Affairs staff remained. Ms. Boskoff said that her staff had absorbed a number of responsibilities to assist in the transition. It was not the agency's intent to circumvent the intent of the Legislature, but staff was trying to work within the budget to move toward a leaner agency that would serve the state, follow its mission, and fulfill its requirements.

Assemblyman Bobzien said he appreciated the agency's situation. He was not happy about the budget cuts to the agency and respected the fact the agency was trying to do more with less. However, when he heard discussions concerning future streamlining and realignment, he was trying to understand how a temporary employee hired for 40 hours a week could be effective for the purposes of grants administration and website management.

Ms. Boskoff clarified the employee would be used for grants intake. Within a two-month period, the agency would receive 200 to 300 grant applications that needed to be logged in, entered into the system, and checked to ensure they were complete. She noted the agency had always been lean with one Account Technician, one Administrative Services Officer, one Administrative Assistant, and the Program

Specialists, who did not have assistants. She said the Administrative Assistant was kept quite busy and was trained to be able to assist the Program Specialists with the required daily activities.

Chairwoman Smith remarked the real problem was that the conversation should have taken place in a budget hearing during the 2011 Session. It was unsettling to Fiscal staff and Committee members to have a budget discussion so soon after the end of the Legislative Session. She noted the Administrative Assistant position was eliminated as recommended in the Governor's budget. She was concerned that hiring contract employees merely circumvented the need for full-time state employees to perform the work.

Continuing, Chairwoman Smith said the discussion involved several issues concerning the process. General Funds could have been reverted rather than spent in lieu of the NEA grants, and dues were paid without prior approval. It appeared to her that established budget processes were not being followed and legislative intent was being circumvented. She added that the Committee heard on a regular basis from other agencies how difficult the budget environment was, especially in the smaller agencies, but the problems became very worrisome when it appeared that legislative processes were not be followed.

Ms. Boskoff said she took total responsibility for management of the agency. She would have liked to have had the discussion during the budget process to ensure everything was done correctly. She noted again that the agency did not learn of the \$60,000 reduction in grant funds until May 25, 2011, and the Board did not meet until June 14, after the agency's budget was closed, to make decisions concerning how to address the funding to the grantees. Ms. Boskoff said she had been in discussions with the Fiscal Analysis Division over the previous two days, and she believed her agency could work with Fiscal staff to make timeframes coincide more closely with the budgeting process and to accommodate the needs of both agencies in the future, particularly with regard to the expenditure of General Funds versus federal funds.

Chairwoman Smith replied it was critically important to know the methodology for how decisions were made and what proportion of General Fund versus federal grant money was to be spent. She did not know what action by the Committee would be appropriate. She had several concerns with the full-time contract employee. She asked whether the agency received guidance from the Budget Division when developing its budget.

Ms. Boskoff replied that the NAC fiscal staff worked with the Budget Division, and the agency was in discussion with its Budget Division liaison as well. She believed the problems would be resolved moving forward. She noted the two work programs involved mostly federal dollars. She reiterated that the agency did not anticipate the \$60,000 reduction in grant funds for the 2011-2013 biennium.

Chairwoman Smith said she was concerned that all of the grants for which funding was available were not being awarded, both on the federal side and the state side. She recalled the Legislature had added \$25,000 a year back into the budget for grants, and she was concerned that the full amount of funds approved for grants by the Legislature had not been awarded.

Chairwoman Smith reiterated that she was also concerned with the federal funding, because it ultimately affected the General Funds. The problem was the grant funds were used for one purpose, General Funds were spent and not reverted, and the grant funds were carried over. She observed that was not the normal operating procedure.

Senator Kieckhefer asked whether the Administrative Assistant 2 position was currently vacant. Ms. Boskoff replied the position had been eliminated, but a temporary employee had been working part-time at the front office for the past year; her salary was paid from federal funds through the Manpower employment agency.

Senator Kieckhefer asked whether the Administrative Assistant position that was eliminated was a full-time 40-hour employee and if the temporary Manpower position was being filled by the previous employee.

Ms. Boskoff explained when the Administrative Assistant and Program Specialist positions were slated to be eliminated, the incumbent employees found jobs elsewhere. The positions were then frozen early in fiscal year 2011, and in order to continue with the tasks that needed to be done, stimulus funding received from the NEA was used to employ a Manpower employee to assist program staff.

Senator Kieckhefer asked whether the position performed grants intake. Ms. Boskoff replied the position did grants intake, communicated with the NAC Board, managed the website, and provided secretarial assistance.

Senator Kieckhefer questioned whether grants intake was currently a large component of the position's duties since all of the 2012 grants had been awarded. Ms. Boskoff replied quarterly grants and rolling grants came in throughout the year; the agency would also be conducting grant-writing workshops and training for the new online system. In addition, paperwork was required to be completed for draw-downs and final reports. Grantees that had events in June 2011 could not submit their final reports until June 30 to meet the July deadline.

Assemblyman Bobzien asked what benefits the state received through its membership in the Western States Arts Federation (WESTAF) and whether grants were available only to member states.

Ms. Boskoff replied the Western States Arts Federation was a regional organization with 12 or 13 member states. It was her understanding that WESTAF was not considering tiered or partial memberships. She said the organization had indicated that the intrinsic services it provided to the Nevada Arts Council amounted to \$75,000 to \$100,000 per

year. Organizations in member states were allowed to apply for funding through WESTAF programs, and Ms. Boskoff said that eight Nevada community organizations, most of them in rural communities, had applied for and would be receiving approximately \$23,000 in grants, and the Nevada Museum of Art and Nevada Arts Council each received a large grant for traveling exhibits.

Assemblyman Bobzien asked what services were included in the \$75,000 intrinsic services. Ms. Boskoff replied that WESTAF determined the valuation; services included training for state arts agency staff, and professional and fiscal staff attended WESTAF meetings throughout the year to address certain issues and participate in partnership programs throughout the region. She said gatherings were also organized for public information officers (PIO), and since the Arts Council did not have a PIO, the Department of Cultural Affairs' PIO was allowed to attend the meetings to increase her professional development. Ms. Boskoff added that WESTAF also produced a number of publications, whitepapers, and research for members' use and sponsored a number of regional meetings and discounts for attendance. The Federation was also the provider of the Cultural Grants Online (GO) system and provided system training for NAC staff. She added that because Nevada was one of the test states for the first online grants system, it was allowed free upload of Cultural Grants Online.

Assemblyman Bobzien noted there was value in the membership, but the membership dues were not included in the 2011-2013 biennial budget. He said between this item and expenditure of \$45,000 for a contract employee, there were serious concerns and questions with the breakdown in the process. He recommended that action be deferred on items 51 and 53 until the agency could have further discussions with Fiscal staff.

Ms. Boskoff noted the agency had carryover funds from a federal grant that needed to be spent by September 30, 2011. She stated there was no intent to subvert or misuse General Funds. The funding allocation method used by the agency's Administrative Services Officer to allocate funds throughout the year had historically been used to get the state monies out quickly and to spend the one-to-one match. She now understood how Fiscal Division staff was looking at expending federal dollars, and she said the agency could manage to comply very easily.

Chairwoman Smith agreed that items 51 and 53 should be deferred until Fiscal Division, Budget Division, and agency staff could work together toward a resolution, but she asked the Assembly Fiscal Analyst to comment on how to avoid any possible loss of federal funding.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the Fiscal Division believed that once the reconciliation for fiscal year (FY) 2011 was examined, it may be concluded that the federal funds for FY 2011 were not drawn down up to the authorized amount in the agency's budget, and that General Funds were used to pay 2011 expenditures that should have been covered with federal funds. As a result, the agency was able to balance forward the FY 2010 federal funding into FY 2012 and cover some of the expenditures that had been discussed. Deferring

action would allow time to complete a further examination. However, if the expressed concerns over the close of FY 2011 were unfounded and it was appropriate to balance forward the funds into FY 2012, the funds would have to be expended by September 30, 2011. If they were not expended by that date, there would be no ability to apply for an extension and the funds would be lost.

Mr. Combs recommended the Committee approve the work programs. The agency could submit another work program to change the FY 2012 budget after meeting with Fiscal and Budget Division staff. He requested the Committee's direction concerning the reductions in the subgrants; the subgrant amounts were reduced significantly from what was approved in the 2011-2013 legislatively approved budget, and approving the work programs basically approved the authority to award fewer subgrants and use the money instead for operating and program expenditures. Mr. Combs said the question was whether to defer approval of the work programs to determine if the agency was using federal funds appropriately in 2011 and 2012, or whether to try to restore as much funding as possible to the subgrants category.

Chairwoman Smith believed the focus of the 2011 Legislature had been on funding of subgrants, and it had funded the subgrants accordingly. She was concerned that the system was being circumvented by hiring a full-time contract employee. She wanted to take the appropriate action that would preserve the federal funding but allow Fiscal staff to work on the problem in the meantime.

Senator Kieckhefer asked whether one work program related specifically to the federal grant and the other related to the Arts Council. Mr. Combs replied both items involved different NEA grant amounts, but item 51 for \$2,000 was FY 2011, and item 53 for \$84,616 was the FY 2010 grant that was extended. It was his understanding the concern was the expiration of the larger amount in item 53.

Ms. Boskoff noted the carry forward of \$84,616 would finish some projects and programs that could not be completed during fiscal year 2011, but she assured the Committee there was more than \$100,000 in quarterly and ongoing grants still to be awarded in FY 2012. The Council had made a concerted effort to ensure there was still funding available to organizations, artists, and schools for quarterly and ongoing grants throughout the year for projects that did not make the annual deadlines.

Chairwoman Smith asked Mr. Combs what Committee action he would recommend. He replied he was not sure whether the Committee should approve the work programs and have Fiscal staff meet with the agency to address the federal grant issues. If the agency did not draw down as much funding as it should have in fiscal year 2011 based on the expenditures that were incurred, the agency could be required to reserve for reversion General Fund monies in 2012 to offset 2011 funds. The agency would have to plan its FY 2012 expenditures to accommodate the reversion. Mr. Combs said if the Committee did not allow the funds to be used for operating expenses, it could be used for subgrants. However, the agency would be without the temporary clerical position

and possibly the WESTAF membership dues. He noted the Nevada Arts Council would have to resubmit the work programs if the funds were to be used for different purposes.

Assemblyman Goicoechea said it seemed to him that the program needed to be moved ahead in order to not jeopardize the federal funding and future grants. He suggested approving the work programs and directing the agency to work with Fiscal staff to resolve the problems.

Senator Kieckhefer remarked he was reluctant to support the items, although he agreed with Assemblyman Goicoechea and would probably vote for approval. However, he would like to see new work programs submitted to the Committee to undo other problems in the work programs.

Assemblyman Bobzien agreed with his colleagues: the items needed to go forward to avoid loss of federal funds, but he definitely wanted more information at the October IFC meeting. He also requested more detail concerning the realignment of staff, the distribution of tasks and responsibilities, and the duties of the contract employee, as well as suggested options on how to process intake of grant applications.

ASSEMBLYMAN GOICOECHEA MOVED FOR APPROVAL OF ITEMS 51 AND 53, WITH THE CAVEAT THAT THE AGENCY MEET WITH FISCAL AND BUDGET DIVISION STAFF TO CONSIDER THE SUBGRANTS, THE CONTRACT EMPLOYEE, AND METHODS OF ACCOUNTING, WITH THE ANTICIPATION THAT THE AGENCY WOULD FOLLOW PROCEDURES IN THE FUTURE AND THE AGENCY WOULD PROVIDE AN UPDATE TO THE COMMITTEE AT ITS OCTOBER MEETING.

SENATOR KIECKHEFER SECONDED THE MOTION.

Senator Leslie commented that the discussion was not the first of the day concerning the most blatant disregard for legislative intent she had seen since serving on IFC. She recalled being told that if there was no penalty for doing something wrong, people would continue doing it wrong. She hoped the Budget Division and the other state agencies were paying attention, because obviously the system was not working. Senator Leslie noted the Committee was not micromanaging; the problems should have been noticed and dealt with by agency staff or the Budget Division. She realized times were difficult, but the law needed to be followed.

Chairwoman Smith agreed, but she noted a considerable amount of grant money would be lost if items 51 and 53 were not approved.

Assemblyman Bobzien remarked Senator Leslie had made a key point. It was important to remember that the Interim Finance Committee was making the adjustments in an attempt to not go against the will of the Legislature, which in this case was in response to the cries it heard to not reduce the subgrant programs. Now the Committee

was being asked to do exactly that after the Legislature had adjourned, which put Committee members in a very uncomfortable position. He hoped that was understood by all sides.

Chairwoman Smith called for public comment; there was none.

THE MOTION TO APPROVE AGENDA ITEMS G-51 AND G-53  
CARRIED. (Senator Denis and Assemblyman Conklin were not  
present for the vote.)

- 54. Department of Tourism and Cultural Affairs - Nevada Arts Council – FY 2012** - Addition of \$34,058 in Western States Arts Federation grant funds to provide support for a Visual Arts Exhibition Touring Program entitled Great Basin Exteriors: A Photographic Survey, which is a thematic photographic exhibit of the Nevada Touring Initiative. Requires Interim Finance approval since the amount added to Artist Services Program category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21474**

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that Agenda Items G-55, 56, 57, and 60 and Agenda Item M-1 would be heard together. Refer to testimony and motion for approval under Agenda Item G-60.

- 55. Department of Health and Human Services - Director's Office - Consumer Health Assistance - FY 2012** - Addition of ~~\$669,644~~ **\$482,221** in Health Insurance Exchange Establishment federal funds transferred from the Silver State Health Insurance Exchange budget account ~~and deletion of \$240,000 in Affordable Care Act - Consumer Assistance Program funds~~ to establish four new positions to assist consumers in enrolling and resolving issues involving the health insurance exchange. Requires Interim Finance approval since the amount added to Personnel Services exceeds \$75,000 and includes new positions. **REVISED AUGUST 18, 2011. RELATES TO ITEM 56. Work Program #C21603**

Refer to testimony and motion for approval under Agenda Item G-60.

- 56. Silver State Health Insurance Exchange - Administration - FY 2012** - Addition of ~~\$2,766,134~~ **\$2,578,714** in federal Health Insurance Exchange grant fund to establish a separate agency, budget account and four new positions for the Silver State Health Insurance Exchange (HIX). Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000 and includes new positions. **REVISED AUGUST 18, 2011. RELATES TO ITEMS 55 and 60. Work Program #C21475**

Refer to testimony and motion for approval under Agenda Item G-60.



- 57. Silver State Health Insurance Exchange - Administration - FY 2012** - Addition of \$685,180 in federal Health Insurance Exchange Planning grant funds to support the planning efforts of establishing the Silver State Health Exchange, which will provide services relating to the purchase and sale of health insurance by residents and certain employers in the state of Nevada. Requires Interim Finance approval since the amount added to the HIX Planning grant category exceeds \$75,000. **Work Program #C21785**

Refer to testimony and motion for approval under Agenda Item G-60.

- 58. Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2012** - Addition of \$205,327 in Medicare Improvements for Patients and Providers Act (MIPPA) for Beneficiary Outreach and Assistance grant funds to improve beneficiary access to preventive and mental health services; to enhance low-income benefit programs; and to maintain access to care in rural areas, including pharmacy access for the Medicare program. Requires Interim Finance approval since the amount added to the MIPPA grant category exceeds \$75,000. **Work Program #C21604**

Refer to motion for approval under Agenda Item G.

- 59. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2012** - Addition of \$741,514 in Money Follows the Person grant funds to improve individual access to community support and independent living arrangements. Requires Interim Finance approval since the amount added to the Money Follows the Person grant category exceeds \$75,000. **Work Program #C21190**

Charles Duarte, Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services, explained item 59 involved a federal grant called Money Follows the Person. One of the authors of the grant application was the Division's Deputy Administrator, Elizabeth (Betsy) Aiello, and Mr. Duarte asked her to provide information and answer questions concerning the work program.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained he had asked for testimony on the item to inform the Committee that the new grant award resulted in the addition of new positions for the Division. He asked for clarification of the positions and their duties. Mr. Combs noted also that the grant required the Division of Health Care Financing and Policy to meet five benchmarks over the period of the grant, and Fiscal staff recommended that, given the benchmarks required in the grant, the Committee may wish to receive annual status reports concerning achievement of the benchmarks.

Betsy Aiello, Deputy Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services, explained the Money Follows the Person grant was a continuation of the state's efforts over ten years to try to rebalance systems to care for individuals in their communities and homes versus in hospital systems. She

noted the grant was not only a state initiative, but national as well. Ms. Aiello stated the benchmarks in the grant for the 2011-2013 biennium were as follows:

1. Transition a number of individuals from current institutionalization into a community-based setting. The individuals being considered had to be in an institution for at least 90 days and require more help and infrastructure building to transition out of the institution. The goal was to transition clients out of institutions each year, for a total of 524 over the five-year grant period.
2. Build infrastructure, systems, and activities to help rebalance and increase funding of home- and community-based services while decreasing institutional funding. In other words, Ms. Aiello explained, have the money follow the person; there would not be additional dollars—only the location and method of providing services to the individuals would be affected.
3. Rebalance the state's method of nursing facility financing. Implement a pilot program with one or two counties to develop a coordinated system. The grant did not involve Medicaid clients who had funding covered by only state match. Infrastructure and systems needed to be built at the county level. Ms. Aiello said the Division had met with the counties and discussed some of the ideas and would continue doing so going forward.
4. Improve opportunities for individuals to self-direct their own services and supports; review processes and cultural beliefs that contributed to low utilization of self direction.
5. Consolidate multiple quality assurance programs and improve quality of care. Identify common requirements and prevent duplication of efforts.

Ms. Aiello said to accomplish the five goals, staffing would be 100 percent funded by the federal government as part of the grant application. With the grant award being slightly over \$9.9 million, the federal government required a position to manage the grant, and a Social Services Chief 1 position was requested to develop infrastructure and procedures to identify the clients; coordinate with housing systems and county systems; develop policy, processes, and procedures; manage grant staff; and coordinate with the federal government. Ms. Aiello said there would possibly be a small number of administrative contracts or subgrants for marketing and outreach. The Social Services Chief 1 would conduct research and submit grant applications to continue and expand initiatives as needed to build infrastructure.

Continuing, Ms. Aiello reviewed duties of the other positions to be funded by the grant:

- Management Analyst 3: Monitor personnel, build quality assurance systems, monitor data, provide extensive federal and state reporting; keep the project on task; make sure the different pieces came together; and analyze the grant expenditures.

- Business Process Analyst 2: Conduct back-up planning for system design, process analysis, and development of a case management system that would interface with the Division's Medicaid Management Information System to integrate information on the clients in order to be proactive rather than reactive in case managing a client with high needs.
- Administrative Assistant 3: Help organize the stakeholder focus group meetings; prepare minutes; word processing; preparation of materials for public hearings; enter data into tracking spreadsheets.

Senator Leslie asked whether the grant application was prepared in-house. Ms. Aiello replied that under the Health Care Reform Act, the Division received a Money Follows the Person planning grant in fiscal year 2010-11 for approximately \$1 million, and a small amount had been expended for preparation of the application. The Division contracted for assistance because the process had to be developed within three months, and the notice of the application was over 100 pages and very complex. She added that stakeholders were also involved in preparation of the application.

Senator Leslie congratulated Ms. Aiello and stated the grant was going in the right direction for the state. Good professional jobs were being created which would hopefully keep intellectual capital working in the state. She said she would be interested in receiving updates on the grant outcomes. Ms. Aiello said she would provide the Committee with status reports.

Chairwoman Smith asked for public comment.

Bruce Arkell, representing the Nevada Senior Corps Association, testified he was excited about the program, as was the personal care industry. He said the Association had been working for the past year with the Division of Health Care Financing and Policy, the Aging and Disabilities Services Division, the Bureau of Health Care Quality and Compliance, and the Division of Mental Health and Developmental Services, all of which licensed or regulated the personal care industry and had overlapping regulations and requirements.

Mr. Arkell said a committee had been created under the Senior Corps Association to work as a partner on the program with all of the state agencies and providers. The state agencies had provided the committee with a survey matrix of what activities they performed and, based upon the matrix, an approach was being considered toward consolidation: one agency would license or certify all of the personal care agencies, and the divisions would share information with each other to avoid duplication. Mr. Arkell said the Money Follows the Person grant would provide for the consolidation of many of the agencies and their services. He said the Association hoped that within a year, there would be a single set of licensing regulations covering all of the personal care industry to eliminate the multiple agencies and conflicting regulations.

Mr. Arkell expressed the Association's support for the grant; it was a giant step forward and would eliminate the overlap in regulations.

Chairwoman Smith thanked Mr. Arkell for his testimony and expressed appreciation to the Senior Corps Association for its support of senior care services. She called for further discussion; there being none, she asked for a motion to approve Agenda Item G-59.

SENATOR LESLIE MOVED FOR APPROVAL OF AGENDA ITEM G-59.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

- 60. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2012** - Deletion of \$1,038,233 in Affordable Care Act Exchange funds and \$13,178 in federal Title XIX funds; and transfer of \$13,177 from the Personnel Services category to the Reserve for Reversion category to deaugment federal funds available to establish a separate agency for the Silver State Health Insurance Exchange which is accomplished in companion with Item 56. Requires Interim Finance approval since the amount deducted from the Affordable Care Acts Exchange grant category exceeds \$75,000. **RELATES TO ITEM 56. Work Program #C21465**

M. ESTABLISHMENT OF SALARIES FOR UNCLASSIFIED POSITIONS PURSUANT TO SENATE BILL 505, SECTION 2 (2011 SESSION).

1. Silver State Health Insurance Exchange – Senate Bill 440 (2011 Session).

Chairwoman Smith stated that items G-55, 56, 57, and 60 and Agenda Item M-1 related to the Silver State Health Insurance Exchange, and testimony would be received from the Department of Health and Human Services. She noted that the Department had distributed a handout to Committee members ([Exhibit D](#)).

Mike Willden, Director, Department of Health and Human Services (DHHS), testified he was appearing in two other roles: Chairman of the Governor's Health Care Reform Planning work group, and ex officio administrator responsible for the Silver State Health Insurance Exchange (Exchange) until a board was appointed and an Executive Director was hired. He said he would provide a brief historical overview of the Silver State Health Insurance Exchange, and he introduced Gloria MacDonald, Administrative Services Officer, Division of Health Care Financing and Policy, and Bonnie Callahan, Administrative Services Officer, Department of Health and Human Services, who were available to answer more specific questions concerning the Silver State Health

Insurance Exchange. Other department representatives, as well as the Director of the Governor's Office of Consumer Health Assistance (GOVCHA), Marilyn Wills, were also present to answer questions.

Mr. Willden recalled that in March 2010, the federal Patient Protection and Affordable Care Act (PPACA) was passed, and several budget items and related legislation were submitted to the 2011 Legislature. The most significant legislation relating to the current discussion was Senate Bill 440, which established the Silver State Health Insurance Exchange. The Legislature appropriated a small amount of funding to start the Exchange, and a \$1 million federal planning grant was received in September 2011. In addition to the planning grant, Mr. Willden said GOVCHA received \$297,000 in grants to proceed with work related to the Affordable Care Act (ACA). The Division of Insurance also received planning grant dollars for its PPACA activities.

Mr. Willden said funding was now being shifted to what were called establishment grants, which included a Level One process and a Level Two process. Nevada was one of 13 states that applied for and received Level One funding for the first round of establishment grant funding. He reminded the Committee that in 2014, each state must have a health insurance exchange or default to the federal government to run the state's exchange. There were also options for the state to join regional exchanges or partner with the federal government with shared responsibilities. Mr. Willden said currently Nevada planned to run its own exchange and was moving forward in that direction.

Continuing, Mr. Willden explained the work programs submitted to the Committee for approval were for the purpose of booking the Level One establishment grant funding, and an application for Level Two grant funding was anticipated to be submitted by the end of calendar year 2011. The establishment grants would provide funding for the next two to three years for the Silver State Health Insurance Exchange and related activities. Mr. Willden said during the 2013 Legislative Session, the state would be required to determine how to fund the Exchange after the federal funding expired in 2015; the Exchange must be self-sufficient by January 2015.

Mr. Willden explained the planning grant funding had been booked into the Division of Health Care Financing and Policy (HCF&P) budgets, and item G-60 would de-obligate the \$1,038,233 grant authority going forward in the HCF&P budget. The balance of the \$1 million planning grant, approximately \$685,000, would be booked into the newly created Silver State Health Insurance Exchange budget (item G-57). Mr. Willden said a new agency had been created in state government, as required by S.B. 440, as well as a new budget account.

Agenda item G-56, Mr. Willden continued, requested authority to book approximately \$2.5 million of the \$4 million establishment grant into the Silver State Health Insurance Exchange budget account to fund anticipated fiscal year (FY) 2012 costs. The grant period was from August 15, 2011, to August 15, 2013, and some of the funding would later be booked into FY 2013. He noted again that another grant application would be

submitted in December, and the funding would increase in the spring of 2012. The budget would also change once a request for proposal (RFP) was issued and the costs for the eligibility engine could be determined. Mr. Willden said additional RFPs would follow for other aspects of the Exchange.

In summary, Mr. Willden explained, the work programs in items 56 and 57 booked funds into the Silver State Health Insurance Exchange through which all federal funds would flow. Item 55 transferred approximately \$482,000 to the Governor's Office of Consumer Health Assistance from the Silver State Health Insurance Exchange to add to existing funds in GOVCHA to support its activities related to the PPACA. He further explained that GOVCHA currently had work program authority for approximately \$240,000, and the additional funding would create the ability to hire and maintain 6.5 full-time equivalent (FTE) positions. Authority had already been granted for 3 positions, and 3.5 new positions would be added.

Mr. Willden added that activities over the next several months would include preparing more RFPs and the application for Level Two establishment grant funding and additional grants. He anticipated several more requests to book additional revenue would be submitted to the Committee in late spring of 2012. He asked for questions from the Committee.

Senator Kieckhefer asked Marilyn Wills whether GOVCHA had a need and the capacity for additional employees at this time.

Marilyn Wills, Director, Governor's Office of Consumer Health Assistance (GOVCHA), replied there was a great need for additional staff. The original Consumer Assistance Program (CAP) grant was provided by the federal government to ensure that all states had on-the-ground staff who could advocate for consumers, particularly as the changes in health care reform occurred. She said Nevada was fortunate to have had the Office established, which many states did not have. Ms. Wills said that since the funding was approved in December 2010, contacts with her office had risen approximately 38 percent, and the caseload had increased by 79 percent. The public was becoming aware that assistance was available due to rural tours, outreach, and education conducted by GOVCHA staff.

Senator Kieckhefer said he was aware GOVCHA had many responsibilities not related to health care reform, and he asked whether the positions would have to be utilized specifically for health care reform issues.

Ms. Wills replied the original CAP-funded positions were broad; they could be assigned a variety of activities in the GOVCHA office. However, the new positions were to be geared strictly to health care reform, including education, outreach, and efforts to target people who would most likely benefit from health care reform and the Silver State Health Insurance Exchange.

Senator Kieckhefer remarked it was not yet known what the Exchange would really do: there was no structure or board. He asked how four full-time positions would be used to do outreach for a program that did not yet exist.

Ms. Wills replied that many components of health care reform had been implemented, such as the preexisting condition policy and the provision allowing youths up to age 26 to remain on their parents' health insurance policy. It was GOVCHA's job to educate the public. She noted the office was also supposed to be integrating appeals provided in Assembly Bill 74, which was passed during the 2011 Legislative Session. The external review process was expanded, which was also the responsibility of GOVCHA.

Ms. Wills said her office was also responsible for working with the regulatory agencies, including the Center for Consumer Information and Insurance Oversight (CCIIO), which was the federal government's oversight agency for health care reform, to ensure that policies already in place were being handled properly. Ms. Wills said the office had been involved in a number of policies, particularly the preexisting condition policy, for which adjustments were needed. There was much to do, and the office was extremely busy.

Senator Leslie asked how the new positions funded under the Exchange compared to the agency's existing Ombudsman positions; it appeared many of the duties were similar.

Ms. Wills replied many of the duties were similar, but the federal government had advised that the new positions could not assist individuals with Medicaid issues. The new positions were to be geared specifically toward health insurance coverage, and activities concerning the Bureau of Hospital Patients and Medicaid would not be allowed for the new grant-funded positions. Ms. Wills said she would have to manage what certain staff members did much more carefully than in the past in order to keep the functions separate.

Senator Leslie asked whether the Office would be able to recruit and hire employees with the anticipated salaries. Ms. Wills replied she believed she would.

Senator Leslie asked Mr. Willden to clarify the amount of the match. The budget indicated a match of \$479,000, but there apparently had been some confusion as to the correct amount.

Mr. Willden replied there had been a lot of confusion about the match. The Notice of Grant Award (NOGA) indicated a \$4 million grant award and \$2.8 million in state matching funds. He said the Department was currently working with the federal government; he had hoped to have a revised NOGA indicating a zero state match to share with the Committee. In negotiating the Notice of Grant Award, Mr. Willden said the federal government had taken three years of state obligation and entered it in the state match line item, but only put one year of federal dollars in the NOGA. He confirmed that the state match would not apply until fiscal year (FY) 2013. Mr. Willden

said a new Notice of Grant Award should be received shortly indicating a zero state match requirement for the current fiscal year.

To further the confusion, Mr. Willden continued, the federal government mixed multiple years on the state side, but only granted one year of federal dollars, and the second year of the grant award crossed two state fiscal years. Mr. Willden recalled that during the 2011 Legislative Session, the Department had an estimate of the cost, specifically of the eligibility engine, with a 25 percent plus-or-minus variable. The Department budgeted 100 percent of the cost, but the funding request from the federal government was at the 125 percent level. He said the state might have more federal authority than actually needed, but that would not be known until the RFP and the bids and contract negotiations were done.

Continuing, Mr. Willden said the proposed \$479,000 match was based on design, development, and implementation of the eligibility engine and did not include future maintenance and operation. He said it was expected the state match would be \$2.8 million over the life of the project; a state contribution of 10 percent over the next three years would be required.

Senator Leslie asked whether the \$479,000 budgeted would cover the match for the 2011-2013 biennium. Mr. Willden replied it would.

Senator Leslie asked Mr. Willden whether he could estimate the match for the 2013-2015 biennium. He replied the difference between the \$2.8 million and \$479,000, or \$2.3 million, would be an approximate amount. The exact amount would not be known until the results of the RFP were received.

Senator Leslie asked when a board for the Silver State Health Insurance Exchange would be in place. Mr. Willden replied the law required the Governor to appoint five board members and the Senate and Assembly leaders each one member. He said the Governor's Office had 14 names for consideration, but the law was very specific: board members could not have conflicts; they could not be brokers, insurance agents, or have lobbyists related to the insurance industry. The selection process was slower than usual; time was being spent to ensure board members would not be conflicted.

Senator Leslie acknowledged the appointment process was important, but she wanted the Department to have the support it needed to move forward and receive funding in a timely manner. She noted that Mr. Willden's handout, [Exhibit D](#), indicated that the amount of the Level Two establishment grant was estimated to be approximately \$32 million.

Mr. Willden referred to the document titled "Health Care Reform Implementation Components" ([Exhibit E](#)) and recalled that discussions were held during the 2011 Legislative Session concerning the administrative costs and the eligibility engine, which was the interface between the Medicaid program, the Nevada Check-Up program, and the Silver State Health Insurance Exchange. However, the full



information technology and operational costs of the Exchange had not yet been determined. Mr. Willden said the \$32 million grant application must include all of the healthcare implementation costs reflected in [Exhibit E](#).

Referring to [Exhibit F](#), "Mandated Exchange Functions," Mr. Willden explained the functions included all of the mechanics within the Exchange, which were very complicated. The Exchange would interface with the Internal Revenue Service, the U.S. Treasury, Social Security, Homeland Security, and the Department of Health and Human Services. An enrollment and eligibility interface needed to be developed to determine whether participants would be paying 100 percent of the premium from their own pockets or their small business employers' pocket, whether they would be eligible for federal subsidies or be pushed through the eligibility engine to the expanded Medicaid coverage, or whether they were currently eligible for Medicaid or Nevada Check-Up and needed to be linked to those programs.

In addition, Mr. Willden continued, the Exchange would require plan comparison tools; insurance carriers would be submitting their various levels of plans, and consumers and small businesses had to have the ability to compare plans and make decisions. Once an individual or small business purchased insurance, the Exchange would need to communicate with the insurance carrier to actually purchase the coverage. He explained the Exchange functions were being sized by consultants to determine the total cost, but the federal government would be paying for the Exchange until 2015.

Senator Leslie asked what the state match would be for the \$32 million grant. Mr. Willden said most of the state match of \$2.8 million had been identified previously in his testimony. The Silver State Health Insurance Exchange itself would be largely federally funded going forward; he did not anticipate a large amount of state dollars in the Level Two request for funds. He said that had been the direction to him from the Governor and the Legislature, and it was his direction to Department staff.

Senator Leslie wanted assurance that was the federal expectation. Mr. Willden replied it would be a problem economically if it was not.

Senator Cegavske observed the exhibits reflected a very complicated process, and she was concerned that consumers would have difficulty navigating through it. Mr. Willden replied the charts were not meant for consumer use: there would be navigators available through the Exchange office, insurance agents and brokers, and other entities.

In response to Senator Cegavske's inquiry concerning insurance benefits in multiple states, Mr. Willden did not know what the multiple states' insurance benefits would be. There were tools within the welfare system to check for duplicate enrollment in Medicaid and Nevada Check-Up in other states; public assistance programs were not portable. He added that the interface with the multiple federal agencies would provide information to assist with the eligibility process. Mr. Willden noted that the proposed federal rules and regulations were just becoming available for review by the states.

Chairwoman Smith recalled extensive discussion during the 2011 Legislative Session, both in the money committees and the policy committees, about the Silver State Health Insurance Exchange and the Governor's Office of Consumer Health Assistance. She did not recall testimony indicating that the Governor's Office of Consumer Health Assistance would need 4.5 FTE positions to implement the Exchange.

Mr. Willden replied three positions, an Administrative Aid and two Ombudsmen, were approved during the Legislative Session for the Governor's Office of Consumer Health Assistance. He did not recall discussion concerning the additional Ombudsman and the Grants Manager requested at this meeting. He asked Marilyn Wills to respond.

Marilyn Wills, Director, Governor's Office of Consumer Health Assistance, replied the additional positions were not anticipated prior to the initial grant application. However, once the duties and responsibilities were known, it was determined additional positions would be needed, and there was an opportunity to apply for federal funding for them.

Chairwoman Smith thanked Ms. Wills for her explanation.

Senator Leslie asked whether there was an anticipated date for appointment of the Exchange board. Mr. Willden said he would be meeting with the Governor's Office later in the day to discuss the appointments. After appointment of the members, recruitment would begin for the Executive Director, the Operations Officer, a Grants Manager, and a clerical support position. The four unclassified positions would need to be approved by the IFC.

Senator Leslie thanked Mr. Willden for his efforts; she wanted to be assured that he was not being prevented from moving forward.

Assemblyman Kirner remarked the financial officer would be a key position; he asked who would manage the financial director's role for the Exchange. Mr. Willden replied the initial plan was once the board members were appointed, the four positions would be hired. The Executive Director's salary would be equivalent to a position such as the Insurance Commissioner or a Medicaid administrator. An Operations Officer would be hired, and that position was modeled after the Operations Officer for the Public Employees' Benefits Program (PEBP). Mr. Willden said the Exchange's Operations Officer would be responsible for most of the fiscal and daily operations. The Grants Manager would manage the \$4 million to \$5 million currently in the account, which would increase by several million dollars once the Level Two funding was received. He said as more input and direction were received from the Silver State Insurance Exchange Board, additional staff would likely be required to manage the various functions. Decisions would have to be made whether to perform many of the functions in-house or contract them out. Mr. Willden said there were several important decisions to be made, and he was anxious to have the board organized to make those decisions.

There being no further questions from Committee members, Chairwoman Smith called for a motion to approve Agenda Items G-55, 56, 57, 60, and M-1.

ASSEMBLYMAN KIRNER MOVED FOR APPROVAL OF AGENDA ITEMS G-55, 56, 57, 60, AND M-1.

SENATOR LESLIE SECONDED THE MOTION,

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Senator Denis and Assemblyman Conklin were not present for the vote.)

Chairwoman Smith thanked Mr. Willden and his staff for their hard work on the Silver State Health Insurance Exchange.

- 61. Department of Health and Human Services - Health Division - Radiological Health - FY 2012** - Addition of \$142,292 in Transfer from Department of Public Safety (DPS)-Division of Emergency Management (DEM) funds to purchase radiological nuclear detection equipment to detect and interdict illicit radiological and nuclear materials. Requires Interim Finance approval since the amount added to the DPS-DEM Homeland Security grant exceeds \$75,000. **Work Program #C21317**

Refer to motion for approval under Agenda Item G.

- 62. Department of Health and Human Services - Health Division - Health Facilities Hospital Licensing - FY 2012** - Addition of \$46,146 in federal Epidemiology and Laboratory Capacity for Infectious Diseases grant funds to expand the "One and Only" Safe Injection Practice Campaign (SIPC) message to medical professionals and patients across Nevada and further expand the campaign to ensure that efforts are evaluated in a manner that demonstrates sound methods to effect change in the state. Requires Interim Finance approval since the amount added to the Safe Injection Practices Campaign category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21341**

Refer to motion for approval under Agenda Item G.

- 63. Department of Health and Human Services - Health Division - Health Facilities Hospital Licensing - FY 2012** - Addition of \$67,511 in Transfer from the Division of Health Care Financing and Policy (DHCF&P) to promote the prevention of multi-drug resistant organisms in hospitals and long-term care facilities. Requires Interim Finance approval since the cumulative amount added to the Methicillin-Resistant Staphylococcus Aureus (MRSA) Studies category exceeds \$75,000. **Work Program #C21297**

Refer to motion for approval under Agenda Item G.

64. **Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2012** - Addition of \$143,975 in federal Emergency System for Advanced Registration - Volunteer Health Professionals (ESAR-VHP) grant funds to enhance the electronic volunteer registry to verify credentials of health professional volunteers by establishment of linkages in the Health Volunteer Registry to create access to national data verification sources. Requires Interim Finance approval since the amount added to the ESAR-VHP grant category exceeds \$75,000. **Work Program #C21304**

Refer to motion for approval under Agenda Item G.

65. **Department of Health and Human Services - Health Division - Biostatistics and Epidemiology - FY 2012** - Addition of \$195,380 in federal AIDS Surveillance Supplemental grant funds to develop electronic laboratory reporting (ELR) statewide. This project would allow the Health Division to build the infrastructure to perform ELR in Nevada. The ELR will permit rapid electronic information exchange from laboratories to public health entities. Expedited sharing of information would decrease the time to initiate investigation of cases and the chance for human error in entry of laboratory data. Requires Interim Finance approval since the amount added to the AIDS Surveillance Supplemental category exceeds \$75,000. **Work Program #C21502**

Refer to motion for approval under Agenda Item G.

66. **Department of Health and Human Services - Health Division - Emergency Medical Services - FY 2012** - Addition of \$146,331 in Transfer from Emergency Management funds to support the Nevada Emergency Medical Systems (EMS) Radio Systems Project to migrate the existing radios to the new radio system as a result of a federal mandate. Requires Interim Finance approval since the amount added to the EMS Radio System Project category exceeds \$75,000. **Work Program #C21133**

Refer to motion for approval under Agenda Item G.

67. **Department of Health and Human Services - Mental Health and Developmental Services - Northern Nevada Adult Mental Health Services - FY 2012** - Transfer of \$109,202 from the Personnel Services category to the Professional Services category to fund contracted transcription, nursing, and dietary services to support current agency operations and maintain quality patient care. Requires Interim Finance approval since the amount added to the Professional Services category exceeds \$75,000. **Work Program #C21418**

Refer to motion for approval under Agenda Item G.

68. **Department of Health and Human Services - Mental Health and Developmental Services - Facility for the Mental Offender - FY 2012** - Transfer of \$415,000 from the Personnel Services category to the Professional Services

category to fund contract psychiatrists to support current agency operations and maintain quality patient care. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$75,000. **Work Program #C21278**

Refer to motion for approval under Agenda Item G.

- 69. Department of Health and Human Services - Child and Family Services - UNITY/SACWIS - FY 2012** - Transfer of \$109,200 from the Personnel Services category to the Information Services category to support a database administrator for a period of 26 weeks. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C21402**

Refer to motion for approval under Agenda Item G.

- 70. Department of Employment, Training and Rehabilitation - Administrative Services - Research and Analysis - FY 2012** - Addition of \$58,023 in federal ARRA Labor Market Information (LMI) Consortium grant funds to balance forward remaining authority to continue support for the state's LMI Improvement Through Projections Infrastructure Modernization project. Requires Interim Finance approval since the amount added to the LMI Consortium grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21105**

Refer to motion for approval under Agenda Item G.

- 71. Department of Employment, Training and Rehabilitation - Vocational Rehabilitation - FY 2012** - Addition of \$509,286 in ARRA Federal Section 110 grant funds to continue support of individuals with physical or mental disabilities to obtain employment and live more independently through the provision of such supports as counseling, medical and psychological services, vocational training and assistive technology devices. Requires Interim Finance approval since the amount added to the Case Services category exceeds \$75,000. **Work Program #C21198**

Refer to motion for approval under Agenda Item G.

- 72. Department of Employment, Training and Rehabilitation - Vocational Rehabilitation - FY 2012** - Addition of \$140,970 in grant funds transferred from the Fund for a Healthy Nevada, administered by the Nevada Department of Health and Human Services, to provide Nevadans with disabilities assistive technology assessments, testing, and training to obtain employment. Requires Interim Finance approval since the amount added to the Tobacco grant category exceeds \$75,000. **Work Program #C21510**

Refer to motion for approval under Agenda Item G.

- 73. Department of Employment, Training and Rehabilitation - Employment Security - FY 2012** - Addition of \$232,405 in federal Administration Cost Allowance grant funds to balance forward remaining authority in FY 2011 in order to provide funding for the completion of the Virtual Call Center project. Requires Interim Finance approval since the amount added to the Virtual Call Center category exceeds \$75,000. **Work Program #C21199**

Refer to motion for approval under Agenda Item G.

- 74. Department of Employment, Training and Rehabilitation - Employment Security - FY 2012** - Addition of \$140,509 in federal Health Resources and Services Administration grant funds to assist in the development of Nevada's health care workforce to meet the anticipated demand for health care services throughout Nevada. Requires Interim Finance approval since the amount added to the Workforce Sector Development grants category exceeds \$75,000. **Work Program #C21239**

Refer to motion for approval under Agenda Item G.

- 75. Department of Employment, Training and Rehabilitation - Employment Security - FY 2012** - Addition of \$5,160,000 in federal ARRA State Energy Sector Partnership (SESP) grant funds to establish a series of green career training programs and jobs in support of established and prospective Nevada businesses. Requires Interim Finance approval since the amount added to the ARRA - SESP category exceeds \$75,000. **Work Program #C21539**

Dennis Perea, Interim Director, Department of Employment, Training and Rehabilitation (DETR), testified that the purpose of the work program in item G-75 was to balance forward the State Energy Sector Partnership (SESP) grant and provide DETR with authority for fiscal year (FY) 2012. He speculated the Committee had concerns that more than half of the grant period had passed and only one-sixth of the funding had been expended. Mr. Perea explained that when the grant was received, the Department had hoped for green jobs in conjunction with several partners. However, the partners either did not hire new staff or they actually laid off staff, and the Department had to request a modification through the U.S. Department of Labor to implement a new strategy.

Mr. Perea said the modification through the Department of Labor involved a long and arduous process, and the grant modification was finally approved in April 2011. He said the Department now believed it had a workable plan and was confident that the funding could be drawn down and put to good use by the end of the grant period. He offered to answer questions from the Committee.

Chairwoman Smith indicated she thought that much of the difficulty in developing a workable program was related to the recession; the attempt to implement the program collided with the poor economy, and the anticipated opportunities were not available.

Mr. Perea affirmed Chairwoman Smith was correct, adding that the problem was not just in Nevada; it was a national problem, and many states had to request modifications.

Chairwoman Smith asked whether Mr. Perea was comfortable with the revised figures and if they were realistic. Mr. Perea replied he felt confident the plan was workable, although it could be difficult.

Chairwoman Smith requested that the Department provide the Committee with informational updates, and because the grant involved American Reinvestment and Recovery Act (ARRA) funding, that the information be posted on the public ARRA website. Mr. Perea indicated the information would be posted and intermittent reports would be provided to the Committee.

Chairwoman Smith said she would continue to support efforts by the local entities that received the funding, Nevada Works and Workforce Connections, to make every effort on their websites to acknowledge receipt of the dollars and their allocation. She believed it was important that the information be readily available to the public.

Mr. Perea agreed, adding that the workforce investment boards had been an integral part of moving the grant forward. The southern workforce investment board, Workforce Connections, had been pivotal in obtaining the modification and getting the program on a workable track.

Assemblyman Hambrick observed that much of the funding for job creation in the green area had not resulted in the creation of jobs. He believed it was imperative to follow through and make sure the jobs materialized rather than expend the funds with no results.

Mr. Perea agreed; the grant had been very difficult, but he believed the plan would now be plausible.

Chairwoman Smith added she would rather see the money not spent than see it spent on something that was not productive. She appreciated the fact that the Department recognized the grant was not going to work and took action to modify it.

Assemblywoman Carlton said she recognized the fact that there were not a lot of jobs available. She served on the Green Energy Sector Council, and she was concerned that some of the training components did not train people to take the next step forward to pursue and obtain employment at higher levels. She was disappointed that the grant modification included a substantial reduction in the projected number of individuals participating in training and education activities. She believed individuals who were not working should be in a training program to obtain the needed skills in the event the jobs did materialize. She hoped that more training programs would be available.

Mr. Perea pointed out that training was difficult if there were no jobs, which was the situation with the Weatherization Program. The Department tried to schedule the

training programs to coincide with when the jobs would become available; it had been a struggle, but he believed the modified plan would be successful.

Chairwoman Smith asked for further questions from the Committee; there were none. She called for public comment; there was none, and she then called for a motion.

SENATOR LESLIE MOVED FOR APPROVAL OF AGENDA  
ITEM G-75.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Conklin was not present  
for the vote.)

- 76. Department of Corrections - Correctional Programs - FY 2011** - Addition of \$12,131 in Budgetary Transfers to provide funding for statewide expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to the Personnel Services category exceeds \$75,000. **RELATES TO ITEMS 78 and 80. Work Program #C21625**

Refer to motion for approval under Agenda Item G.

- 77. Department of Corrections - Correctional Programs - FY 2012** - Addition of \$672,324 in federal Second Chance Act Adult Offender Reentry Demonstration Project grant funds and transfer of ~~\$367,347~~ **\$367,533** from the Going Home Prepared category to the Reserve for Reversion category to provide statewide prison reentry programs through pre and post-release assistance and to align federal and state authority. Requires Interim Finance approval since the amount added to the Department of Justice Reentry Demonstration Project category exceeds \$75,000. **REVISED AUGUST 19, 2011. Work Program #C21462**

Greg Cox, Director, Nevada Department of Corrections (NDOC), testifying from Las Vegas, noted that Deborah Reed was present in Carson City to explain the work program in item 77. Chairwoman Smith asked Ms. Reed to provide a brief overview of the work program.

Deborah Reed, Deputy Director of Support Services, Department of Corrections, explained work program 77 represented the successful request for an extension of the federal Reentry Demonstration project. During the 2011 Legislative Session, the Department had testified that if the grant was extended, the money funded by the Legislature to be used in the event the grant was not extended would be placed in reserve. Ms. Reed noted the action was in compliance with the Letter of Intent from the Legislature.



Chairwoman Smith recalled discussion during the legislative budget hearings concerning partnerships, reporting requirements, and performance indicators, and she asked the status of those activities.

Director Cox said the Department had to initiate some quality control mechanisms, starting with quarterly reporting, monthly reporting, and a vendor-rating worksheet that was developed with completion criteria, all of which related to individual case management. He said the Department had identified problems with individual case management and data collection, which were critical to be able to determine whether the program was actually working.

Director Cox said he agreed with earlier comments that money should not be spent if it was not being used correctly and appropriately according to the intent. He was aware a number of legislators wanted the program to work, and he wanted it to succeed as well. Director Cox said a number of onsite visits would be required to monitor the program, and a recent request for proposal (RFP) had been issued by State Purchasing, but he did not yet know the successful bidder.

Director Cox explained the grant would fund 206 inmates: 100 nonviolent, 70 violent, and 36 sex offenders. It was a statewide reentry program; however, 70 percent of the inmates were from the Clark County area. He noted it was a high-risk population, and the Department was following the Bureau of Justice Assistance program criteria for determining the success of the program.

Continuing, Director Cox said the program was a post- and pre-release program that would start six months before an inmate's release from NDOC and be monitored for a year after release. He explained that upon an inmate's entry into a correctional facility, an individual assessment was conducted to determine what programs he needed. Programs could include education, substance abuse, mental health counseling, or anger management. Post-release required overlapping services from inside the facility to the outside community. Substance abuse and mental health counseling, family reunification, and vocational job readiness were critical to the inmate's success.

Director Cox said other states had used their university systems as a third party to look at and provide data and information to support the program. He said NDOC had done the same with the University of Nevada, Las Vegas, and he wanted to continue those efforts to review the program to determine its success. When the contract for the RFP was negotiated, approximately 10 percent of the funding would be withheld to ensure the contractor complied with the provisions of the contract. Director Cox added that there were nine reentry staff: two in northern Nevada, two in the central office, two at High Desert State Prison, two at Southern Desert, and one at Florence McClure, who also covered the Jean Conservation Camp. The number of releases averaged 5,600 to 5,700 a year.

Chairwoman Smith thanked Director Cox for the helpful information and noted he had answered most of her concerns about reporting and data tracking.

Senator Leslie asked whether a community organization would be used to perform a large part of the program and, if so, how that organization would be selected. Director Cox replied that under the specifications of the RFP, the organization could be a faith-based or community-based group. Once the RFP process was completed and a successful bidder was selected, the Department would work simultaneously and collaboratively with the community provider to designate what was needed. The community provider would become involved six months before the inmate's release to determine the inmate's needs.

Senator Leslie noted that many people with severe mental illness were appearing in court after their release. She asked whether the grant would provide services to that population, adding that money would be saved if those individuals could be connected to services. Director Cox agreed, stating that across the country the correctional system was becoming the largest mental health provider for the population that continued to cycle through the courts. He said the reentry program would have some mental health components, and he acknowledged the Department needed to do a better job of assisting inmates prior to their release with the community organization. He anticipated there would be positive outcomes from the program.

Senator Horsford asked Director Cox to describe the actual availability of treatment for substance and alcohol abuse, mental health services, and housing. He stressed those were the three largest barriers, and regardless of how much assessment or identification of needs, if there were no services for the offender upon his release, he would encounter the same problems and result in reoffense. Senator Horsford said he realized the goal was to not waste the grant money, but that would be the case without follow-up treatment of substance and alcohol abuse, mental health services, and housing. He asked whether counselors were able to refer an offender for immediate treatment and assistance and if the grant provided direct funding and assistance for those services for the 206 inmates.

Director Cox replied the RFP included mental health and substance abuse treatment. It was his understanding that the grant provided funding for those activities, and he asked Ms. Reed to clarify the grant provisions.

Ms. Reed explained the grant allowed for post-release case management and supervision and covered housing, education, substance abuse treatment, mental health services, services to enhance family reunification, and job training and readiness.

Turning to another subject, Senator Horsford asked Director Cox to clarify the status of the closure of the Nevada State Prison (NSP). He continued to receive daily emails and telephone calls indicating that units were being closed even though the Department had been directed by the money committees not to do so until April 2012.

Director Cox responded that the inmate population at NSP had been reduced in accordance with a six-phase plan to reduce staff positions throughout the Department

and shift the NSP positions to other facilities. He conceded the closure had been confusing to the NSP staff. There were 25 vacancies in Carson City, and as posts were closed at NSP, those staff members were being moved into the vacancies. There had been no layoffs as a result of the actions. Director Cox said part of the operational issue of closing posts and positions was not only to provide internal and external security at NSP, but also to provide for the security and safety of both Warm Springs and the Northern Nevada Correctional Center (NNCC). He assured the Committee that his mission was to avoid any layoffs, and the intent was to leave NSP open until April 1, 2012. That being said, Director Cox continued, the plan was falling into place according to legislative intent: layoffs were being avoided; the facility was still open; and the upper yard, Old Cell House Unit 3, was still open with between 230 and 240 inmates. He said the operations at NSP would continue to be reduced in conjunction with security at the facility and the vacancies at Warm Springs and NNCC.

Director Cox stressed NSP employees were not being required to leave Carson City and take jobs elsewhere. However, some employees had voluntarily transferred to Lovelock, and he was waiting to approve those transfers until he was certain that NNCC and Warm Springs were sufficiently staffed.

Senator Horsford thanked Director Cox for the information and asked him to provide Fiscal staff with updates on at least a monthly basis to keep the Committee apprised of the status of the closure. He trusted that the Department was doing what needed to be done to properly meet the intent of the Legislature while making the transition. He believed there was a lack of understanding and communication with NSP personnel, and it was important to respond to their inquiries.

Director Cox said he had met with Assemblyman Livermore, Senator Settlemeyer, and the mayor of Carson City and provided a detailed plan for closure of NSP. He apologized for not keeping the Committee members informed. He dealt with the issue everyday; it was important that he constantly communicated with staff.

Chairwoman Smith said the request to keep Fiscal staff informed was reasonable. A monthly update of the closure progress would be helpful to Committee members in responding to NSP employees' concerns.

Senator Cegavske asked that the Department also provide an update of aftercare alcohol and drug programs. She said historically there had been little follow-through with aftercare programs.

Director Cox replied Senator Cegavske was correct. Data did not support success in substance abuse programming in correctional centers unless there were aftercare programs in the community. He was focused on providing those services at Casa Grande.

Senator Cegavske noted there were also opportunities for programs through community faith-based entities, which also provided services to foster-care programs. Director Cox

replied that the Department worked with several faith-based entities, including Central Christian Church and Florence McClure, on reentry programs and had been doing so for over a year.

Chairwoman Smith asked for further questions from Committee members; there were none, and she called for a motion for approval.

SENATOR CEGAVSKE MOVED FOR APPROVAL OF AGENDA ITEM G-77.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

- 78. Department of Corrections - High Desert State Prison - FY 2011** - Deletion of \$17,131 in Budgetary Transfers to provide funding for statewide expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to the Utilities category exceeds \$75,000. **RELATES TO ITEMS 76 and 80. Work Program #C21564**

Refer to motion for approval under Agenda Item G.

- 79. Department of Corrections - Southern Desert Correctional Center - FY 2011** - Transfer of ~~\$26,473~~ **\$34,098** from the Inmate Driven category to the Personnel Services category and ~~\$425 from the Inmate Driven category to the Maintenance of Buildings and Grounds category~~ **\$10,618 from the Maintenance Contracts category to the Personnel Services category** to cover shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$75,000. **Work Program #C21570. REVISED AUGUST 16, 2011.**

Refer to motion for approval under Agenda Item G.

- 80. Department of Corrections - Wells Conservation Camp - FY 2011** - Addition of \$5,000 in Budgetary Transfers and deletion of \$1,431 in Room, Board, Transportation Charges to provide funding for statewide expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category includes a budgetary transfer that balances against other work programs. **RELATES TO ITEMS 76 and 78. Work Program #C21558**

Refer to motion for approval under Agenda Item G.

81. **Department of Motor Vehicles - REAL ID - FY 2012** - Addition of \$163,497 in federal Department of Homeland Security (DHS) Demonstration grant funds; ~~\$19,616~~ **\$18,864** in federal DHS Hub Testing grant funds; \$322,381 in federal DHS FY 2009 grant funds; and \$322,183 in federal DHS FY 2010 Security grant funds to balance forward remaining authority in FY 2011. Requires Interim Finance approval since the amount added to the 2009 Drivers License Security grant category exceeds \$75,000. **REVISED AUGUST 23, 2011. Work Program #C21610**

Refer to motion for approval under Agenda Item G.

82. **Department of Motor Vehicles - Automation - FY 2012** - Addition of ~~\$331,296~~ **\$311,296** in federal Commercial Drivers License (CDL) Improvement grant funds to continue to enhance the commercial driver's license program to deter and prevent fraud during the CDL testing process. Requires Interim Finance approval since the amount added to the CDL Program grant travel category exceeds \$50,000. **Work Program #C21073. REVISED JULY 7, 2011.**

Refer to motion for approval under Agenda Item G.

83. **Department of Motor Vehicles - Field Services - FY 2012** - Addition of \$466,781 in federal American Association of Motor Vehicle Administrators (AAMVA), Commercial Drivers License (CDL) Model Testing grant funds through the U.S. DOT federal Motor Carrier Safety Administration to implement the 2005 AAMVA CDL Testing Model in all CDL testing locations statewide. Requires Interim Finance approval since the amount added to the AAMVA CDL Testing category exceeds \$75,000. **Work Program #C21584**

Refer to motion for approval under Agenda Item G.

84. **Department of Public Safety - Forfeitures - Law Enforcement - FY 2012** - Transfer of \$45,000 from the Reserve category to the Statute and Nevada Offense Codes (NOC) Conversion category to facilitate the process of converting new crime statutes passed by the 2011 Legislative Session and ongoing maintenance of the Criminal History Repository's NOC database. Requires Interim Finance approval since the amount transferred to the Statute and NOC Conversion category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21231**

Refer to motion for approval under Agenda Item G.

85. **Department of Public Safety - Forfeitures - Law Enforcement - FY 2012** - Transfer of \$989,317 from the Reserve category to the Records Management System (RMS) category to enhance and continue providing support to the Department of Public Safety's statewide multi-jurisdictional public safety system.

Requires Interim Finance approval since the amount added to the RMS Support category exceeds \$75,000. **Work Program #C21493**

Mark Teska, Administrative Services Officer, Department of Public Safety, explained the work program in Agenda Item G-85 was a request to balance forward \$989,317 in forfeiture funds to support the Department of Public Safety's new statewide multi-jurisdictional public safety system. He explained that the funding came from multiple sources: federal grants and forfeiture funds. There was an unobligated amount of approximately \$300,000, and Fiscal staff had suggested the work program request be reduced by \$307,000. Because the project was so large and complex, the Department felt it would be appropriate to have a certain amount of contingency available in the event there were unanticipated expenditures as the new Records Management System (RMS) was implemented. Mr. Teska pointed out the contingency would only be used if needed to ensure that the project was completed in a timely manner. With the understanding that there would be other mechanisms to access additional forfeiture funds if necessary, whether through an IFC work program or a 15-day expeditious work program, the Department would accept the reduction of \$307,000.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, remarked that typically unless the agency had a specified plan for the use of contingency funds, Fiscal staff preferred the funds be left in reserve until the need arose. He said there appeared to be a possibility that there could be a need for a quick turnaround on an item in regard to the RMS project, and Fiscal staff would not object if expeditious action was needed or a future request was submitted to the Committee.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE RECOMMENDATION TO RETAIN \$307,000 IN THE RESERVE CATEGORY AND TO APPROVE AGENDA ITEM G-85 IN THE AMOUNT OF \$602,317.

SENATOR LESLIE SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

- 86. Department of Public Safety - Highway Patrol - FY 2012** - Addition of \$131,215 in Transfer from Energy Conservation funds to retrofit up to 50 emergency vehicles with idle reduction technology which will allow each vehicle's engine to be shut off when the vehicle is not moving and allowing electronic equipment including lights, computer equipment and other associated items to be operated by the device installed on the vehicle. Requires Interim Finance approval since the amount added to the Nevada State Office of Energy Idle Reduction Technology grant category exceeds \$75,000. **Work Program #C21338**

Bernie Curtis, Chief, Nevada Highway Patrol, Department of Public Safety, explained the dollar amounts in item 86 had been revised from the addition of \$131,215 to an expenditure of \$62,775 to retrofit 50 emergency vehicles and a reversion to the State Office of Energy in the amount of \$68,440.

There were no questions from the Committee; Chairwoman Smith called for a motion to approve.

SENATOR CEGAVSKE MOVED FOR APPROVAL OF AGENDA  
ITEM G-86 AS REVISED.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Assemblyman Conklin was not  
present for the vote.)

- 87. Department of Public Safety - Highway Patrol - FY 2012** - Addition of \$89,300 in Transfer from the Division of Emergency Management funds to purchase radiological detection equipment which will assist Nevada Highway Patrol troopers with the inspection of nuclear waste shipments. Requires Interim Finance approval since the amount added to the Division of Emergency Management Radiological grant category exceeds \$75,000. **Work Program #C21605**

Refer to motion for approval under Agenda Item G.

- 88. Department of Public Safety - Highway Safety Grants Account - FY 2012** - Addition of \$338,284 in federal Ticketing Aggressive Cars and Trucks (TACT) Communication grant funds to develop media and public education campaigns to encourage safe driving around large trucks and buses. Requires Interim Finance approval since the amount added to the TACT Communication category exceeds \$75,000. **Work Program #C21308**

Refer to motion for approval under Agenda Item G.

- 89. Department of Public Safety - Highway Safety Grants Account - FY 2012** - Addition of \$180,450 in federal Ticketing Aggressive Cars and Trucks (TACT) Enforcement grant funds to support ongoing enforcement efforts by the Nevada Highway Patrol as they target moving violations by passenger vehicles in proximity to large commercial trucks and buses. Requires Interim Finance approval since the amount added to the TACT Enforcement category exceeds \$75,000. **Work Program #C21310**

Refer to motion for approval under Agenda Item G.

- 90. Department of Public Safety - Parole and Probation - FY 2012** - Addition of \$221,449 in Transfer from the Office of Criminal Justice Assistance funds to provide substance abuse counseling in the Las Vegas area to qualified offenders. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C21453**

Chairwoman Smith noted that Assemblywoman Carlton had requested testimony on Agenda Item G-90.

Assemblywoman Carlton said she did not understand the definition of a qualified offender and wondered whether it included offenders in the minimum supervision banks. She also asked where the minimum supervision banks' caseloads stood currently.

Rick Gimlin, Administrative Services Officer, Division of Parole and Probation, Department of Public Safety, explained the carry forward amount of \$221,449 did not apply to the minimum banks. Qualified offenders were those offenders that would not normally be receiving counseling services. As a condition of their parole or probation, if the offenders qualified for counseling services, they would be referred to substance abuse counselors. The request did not relate to the minimum supervision banks.

Assemblywoman Carlton asked for confirmation that a qualified offender would be an offender who, as a condition of parole or probation, required substance abuse counseling, and the grant funding would be used to pay for his treatment.

Mr. Gimlin replied the grant would fund three Substance Abuse Counselors to either provide counseling services or coordinate those services, and related operating expenses. The Division had a separate grant which provided vouchers for counseling. The Division reported to the Bureau of Justice Assistance on a quarterly basis, and the last report showed a total of 336 offenders being served from April through June 2011.

Assemblywoman Carlton asked whether a probationer or parolee who was on one of the minimum banks and still had the condition could access the program. Mr. Gimlin replied access would be possible, but it would not affect the supervision ratio of offenders on the banks. This particular grant was primarily geared toward services for category E or gross misdemeanor offenders.

ASSEMBLYMAN HOGAN MOVED FOR APPROVAL OF AGENDA  
ITEM G-90.

SENATOR LESLIE SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Assemblyman Conklin was not present  
for the vote.)



91. **Department of Public Safety - Division of Investigations - FY 2012** - Addition of \$48,841 in Transfer from Department of Public Safety (DPS) Criminal Justice ARRA funds to align federal authority to support three DPS Officer II positions. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$75,000. **Work Program #C21450. WITHDRAWN AUGUST 19, 2011.**

Refer to motion for approval under Agenda Item G.

92. **Department of Public Safety - Division of Investigations - FY 2012** - Addition of \$322,150 in funds transferred from the Office of Criminal Justice Assistance to accept the FFY 2011 Justice Assistance Grant (JAG) to allow the Division to hire one full-time DPS Officer II position and provide overtime to continue efforts to arrest illicit drug traffickers. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000 and the request includes a new position. **Work Program #C21254**

Refer to motion for approval under Agenda Item G.

93. **Department of Public Safety - Division of Investigations - FY 2012** - Addition of \$1,431,293 in Transfer from the Division of Emergency Management funds to support expenditures related to the Fusion Center. Requires Interim Finance approval since the amount added to the Division of Emergency Management 2010 State Homeland Security Program grant category exceeds \$75,000. **Work Program #C21314**

Refer to motion for approval under Agenda Item G.

94. **Department of Public Safety - Division of Investigations - FY 2012** - Addition of \$190,000 in funds transferred from the Department of Public Safety Criminal Justice Office to balance forward a portion of the Child Sexual Predator Program grant funding to aid in the apprehension of sex offenders who are violating parole and/or committing crimes. Requires Interim Finance approval since the amount added to the Sexual Predator grant category exceeds \$75,000. **Work Program #C21323**

Refer to motion for approval under Agenda Item G.

95. **Department of Public Safety - Emergency Management - FY 2012** - Addition of \$5,000 in Transfer from Division of Emergency Management (DEM) Interoperable Emergency Communications grant program; \$118,000 in Transfer from DEM Department of Homeland Security; \$258,000 in Transfer from DEM Homeland Security grant program; and \$293,550 in Transfer from DEM Public Safety Interoperable Communications (PSIC) grant funds to support costs associated with improving emergency response and reducing the threat of terrorism. Requires Interim Finance approval since the amount added to the PSIC grant category exceeds \$75,000. **Work Program #C21209**

Refer to motion for approval under Agenda Item G.

96. **Department of Public Safety - Emergency Management - FY 2012** - Addition of \$19,549 in Transfer from Division of Emergency Management (DEM) Interoperable Emergency Communications grant program and \$617,172 in Transfer from DEM Department of Homeland Security to support efforts such as planning and training related to improving emergency response and reducing the threat of terrorism. Requires Interim Finance approval since the amount added to the State Homeland Security Program exceeds \$75,000. **Work Program #C21305**

Refer to motion for approval under Agenda Item G.

97. **Department of Public Safety - Emergency Management - FY 2012** - Addition of \$112,080 in Transfer from Division of Emergency Management (DEM) Emergency Management Performance grant; \$85,871 in Transfer from DEM Department of Homeland Security grant funds; \$65,000 in Transfer from DEM Buffer Zone Protection Program Infrastructure Protection Program; and transfer of \$9,636 from the Operating category to the Grants Management System category to support the purchase and implementation of a grants management system. Requires Interim Finance approval since the amount added to the Grants Management System category exceeds \$75,000. **Work Program #C21382**

Refer to motion for approval under Agenda Item G.

98. **Department of Public Safety - Emergency Management - FY 2012** - Addition of \$66,760 in Transfer from Department of Emergency Management (DEM) Emergency Management Performance grant and \$155,374 in Transfer from DEM Department of Homeland Security grant funds to support the State Situational Awareness System for emergency support coordination and collaboration with federal, state, and local agencies. Requires Interim Finance approval since the amount added to the Emergency Operation Center Upgrades category exceeds \$75,000. **Work Program #C21388**

Refer to motion for approval under Agenda Item G.

99. **Department of Public Safety - Emergency Management Assistance Grants - FY 2012** - Addition of \$578,794 in federal Emergency Management Agency Pre-Disaster Mitigation grant funds to support the Truckee River Flood Project by reducing the impact of flooding in the Truckee Meadows; restoring the river's ecosystem; and improving the recreational opportunities by managing the development and implementation of the Truckee River Flood Management Project. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$75,000. **Work Program #C21306**

Refer to motion for approval under Agenda Item G.

100. **Department of Public Safety - Emergency Management Assistance Grants - FY 2012** - Addition of \$1,000,000 in Prior Year Refunds to account for proceeds from the sale of equipment purchased with federal grant funds to be reimbursed to

the federal awarding agency. Requires Interim Finance approval since the amount added to the Federal Refunds category exceeds \$75,000. **Work Program #C21354**

Refer to motion for approval under Agenda Item G.

- 101. Department of Public Safety - Emergency Management Assistance Grants - FY 2012** - Addition of \$8,150,150 in federal Homeland Security Grant Program (HSGP) Urban Area Initiative grant funds; \$156,729 in federal HSGP Citizen Corps grant funds; \$317,419 in federal HSGP Major Medical Response grant funds; and \$7,868,298 in federal HSGP funds to support efforts related to providing an integrated mechanism to enhance the coordination of national priority efforts to prevent, respond to and recover from terrorist attacks, major disasters and other emergencies. Requires Interim Finance approval since the amount added to the Urban Area Initiative category exceeds \$75,000. **Work Program #C21361**

Refer to motion for approval under Agenda Item G.

- 102. Department of Public Safety - Emergency Management Assistance Grants - FY 2012** - Addition of \$431,177 in Interoperable Emergency Communications grant funds; \$99,868 in Emergency Operations grant; \$212,812 in Public Safety Interoperable Communications grant funds; \$75,000 in Transit Security Grant Program Supplemental; \$588,175 in Buffer Zone Protection Plan Infrastructure Protection Program (IPP) funds; and \$15,000 in Reimbursement Emergency Management Assistance Compact Hurricane funds to reimburse subgrantees for program related expenditures supporting homeland security and emergency management. Requires Interim Finance approval since the amount added to the Buffer Zone IPP category exceeds \$75,000. **Work Program #C21167**

Refer to motion for approval under Agenda Item G.

- 103. Department of Public Safety - Emergency Management Assistance Grants - FY 2012** - Addition of \$506,648 in Federal Emergency Management Agency (FEMA) New Year 2006 Flood funds; \$40,000 in FEMA 1738 Fernley Flood funds; \$600,000 in FEMA 1583 Clark/Lincoln Flood funds; \$500,000 in federal Predisaster Mitigation funds; \$150,000 in FEMA 1540 Waterfall Fire funds; and \$250,000 in Hazard Mitigation Grant Program 2007 funds to support federally declared disasters and provide technical and financial assistance in the implementation of predisaster hazard mitigation measures. Requires Interim Finance approval since the amount added to the FEMA Clark/Lincoln Flood category exceeds \$75,000. **Work Program #C21250**

Refer to motion for approval under Agenda Item G.

- 104. Department of Public Safety - Emergency Management Assistance Grants - FY 2012** - Addition of \$36,000 in Urban Area Security Initiative (UASI) Nonprofit Security grant to support efforts that will allow state and local governments and

private organizations to improve state homeland security as it relates to terrorist attacks. Requires Interim Finance approval since the amount added to the UASI Non-Profit category exceeds 10 percent of the legislative approved amount for that category. **Work Program #C21249**

Refer to motion for approval under Agenda Item G.

- 105. Department of Public Safety - Criminal History Repository - FY 2012 -** Addition of \$220,000 in funds transferred from Department of Public Safety Criminal Justice Office to accept a Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking (SMART) grant to improve the technical capability of the state to collect, store, and analyze digital data associated with the Nevada sex offender registration program. Requires Interim Finance approval since the amount added to the SMART grant category exceeds \$75,000. **Work Program #C21309**

Refer to motion for approval under Agenda Item G.

- 106. Department of Public Safety - Criminal History Repository - FY 2012 -** Addition of \$463,883 in Transfer from the Department of Public Safety (DPS) Criminal Justice National Instant Criminal Background Check System (NICS) Act Record Improvement Program (NARIP) grant funds to improve the accuracy and completeness of criminal history records. Requires Interim Finance approval since the amount added to the NARIP grant category exceeds \$75,000. **Work Program #C21331**

Refer to motion for approval under Agenda Item G.

- 107. Department of Public Safety - Criminal History Repository - FY 2012 -** Addition of \$261,673 in Transfer from JAG and \$6,078,311 in ARRA funding for the completion of the Department of Public Safety's statewide multi-jurisdictional public safety system. Requires Interim Finance approval since the amount added to the ARRA Records Management System category exceeds \$75,000. **Work Program #C21332**

Refer to motion for approval under Agenda Item G.

- 108. Department of Public Safety - Highway Safety Plan and Administration - FY 2012 -** Addition of \$1,264,101 in Transfer from Traffic Safety to balance forward the Nevada Department of Transportation (NDOT) flex funds for a number of programs and projects including the Prevent All Crashes Everyday (PACE) program; the Latino Outreach program; paid media for the "Click it or Ticket" and "Over the Limit Under Arrest" campaigns; and a current project modernizing the Nevada Citation and Accident Tracking System (NCATS). Requires Interim Finance approval since the amount added to the NDOT Flex Funds category exceeds \$75,000. **Work Program #C21113**

Refer to motion for approval under Agenda Item G.

- 109. Department of Public Safety - Highway Safety Plan and Administration - FY 2012** - Addition of \$1,051,304 in Transfer from Traffic Safety Federal Safe, Accountable, Flexible, Efficient Transportation Equity Act funds for improving highway safety through achieving seat belt use. Requires Interim Finance approval since the amount added to the 406 Incentive Funds category exceeds \$75,000. **Work Program #C21377**

Refer to motion for approval under Agenda Item G.

- 110. Department of Public Safety - Traffic Safety - FY 2012** - Addition of \$1,509,925 in federal Safe, Accountable, Flexible, Efficient Transportation Equity Act funds for improving highway safety through achieving seat belt use. Requires Interim Finance approval since the amount added to the 406 grant category exceeds \$75,000. **Work Program #C21378**

Refer to motion for approval under Agenda Item G.

- 111. Department of Public Safety - Justice Assistance Act - FY 2012** - Addition of \$45,000 in Community Oriented Policing Services (COPS) grant funds; \$260,000 in Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking (SMART) grant funds; \$525,000 in National Instant Check System (NICS) Instant Background Check grant funds; and \$90,000 in JAG Parole and Probation Technological Advancement grant funds to create FY 2012 authority to reimburse the subgrantees of these federal grants thereby ensuring the various programs supported by these funds continue without interruption. Requires Interim Finance approval since the amount added to the Instant Background Check category exceeds \$75,000. **Work Program #C21300**

Refer to motion for approval under Agenda Item G.

- 112. Department of Public Safety - Justice Assistance Act - FY 2012** - Addition of \$25,000 in Congressionally Selected JAG Reid Appropriation; \$125,000 in Community Oriented Policing Services (COPS) Sexual Predator program funds; \$65,000 in Forensic Science Improvement grant funds; \$35,000 in Project Safe Neighborhood funds; and \$100,000 in Nevada Criminal History Improvement Project grant funds to align federal authority. Requires Interim Finance approval since the amount added to the COPS Grant Sexual Predator category exceeds \$75,000. **Work Program #C21313**

Refer to motion for approval under Agenda Item G.

- 113. Department of Public Safety - Justice Assistance Grant Trust - FY 2012** - Transfer of \$9,000,000 from the Reserve for Federal Funds category to the ARRA JAG category to fund new and continuing law enforcement related programs across the state. Requires Interim Finance approval since the amount added to the ARRA JAG category exceeds \$75,000. **Work Program #C21636**

Refer to motion for approval under Agenda Item G.

- 114. Department of Public Safety - Office of Homeland Security - FY 2012 -**  
Addition of \$38,509 in grant funds transferred from the Division of Emergency Management Citizen Corp Program to bring community and governmental leaders together to coordinate the involvement of community members in emergency preparedness, planning, mitigation, response, and recovery. Requires Interim Finance approval since the amount added to the Citizen Corp Program category exceeds 10 percent of the legislatively approved amount for that category.  
**Work Program #C21228**

Refer to motion for approval under Agenda Item G.

- 115. Department of Conservation and Natural Resources - State Environmental Commission - FY 2012 -** Addition of \$286,585 in Other Receipts to account for the State Environmental Commission's (SEC) fine revenues, which are collected by the SEC and then transferred to the county school district in which the violation was issued. Requires Interim Finance approval since the amount added to the Fines/School District Transfers category exceeds \$75,000.  
**Work Program #C21184**

Refer to motion for approval under Agenda Item G.

- 116. Department of Conservation and Natural Resources - Forestry - FY 2012 -**  
Addition of \$48,955 in Minden Dispatch Cooperative Agreement Reimbursement funds to receive and expend the Bureau of Land Management and United States Forest Service share of the utility and building maintenance costs for the Minden Dispatch Center. Requires Interim Finance approval since the amount added to the Minden Dispatch Cooperative Agreement category exceeds 10 percent of the legislatively approved amount for the category. **Work Program #C21404**

Refer to motion for approval under Agenda Item G.

- 117. Department of Conservation and Natural Resources - Forestry - FY 2012 -**  
Addition of \$394,360 in Department of Energy grant funds transferred from the Division of Environmental Protection (DEP) to improve Nevada Division of Forestry's communication system through the repair and replacement of mountain top repeater stations. Requires Interim Finance approval since the amount added to the DEP Federal Radio Grant Pass Through category exceeds \$75,000.  
**Work Program #C21542**

Refer to motion for approval under Agenda Item G.

- 118. Department of Conservation and Natural Resources - Forestry - FY 2012 -**  
Addition of \$361,172 in United States Forest Service (USFS) State Fire Assistance - National Fire Plan (SFA-NFP) Community Protection on Priority Landscapes (CPPL) grant funds to complete hazardous fuels reductions projects for priority landscapes. Requires Interim Finance approval since the amount

added to the USFS SFA-NFP CPPL grant category exceeds \$75,000.  
**Work Program #C21596**

Refer to motion for approval under Agenda Item G.

- 119. Department of Conservation and Natural Resources - Forestry - FY 2012 -** Addition of \$1,386,866 in U.S. Forest Service (USFS) Consolidated Payment Grant (CPG) funds and a transfer of \$8,091 from Information Services to the CPG 2011 category to enable the Nevada Division of Forestry to maintain and improve fire protection programs on non-federal lands. Requires Interim Finance approval since the amount added to the CPG 2011 category exceeds \$75,000.  
**Work Program #C21066**

Refer to motion for approval under Agenda Item G.

- 120. Department of Conservation and Natural Resources - State Parks - FY 2012 -** Addition of \$88,412 in federal National Recreational Trails Program grant funds to administer the state's Recreation Trails Program. Requires Interim Finance approval since the amount added to the State Trails category exceeds \$75,000.  
**Work Program #C21490**

Refer to motion for approval under Agenda Item G.

- 121. Department of Conservation and Natural Resources - State Lands - FY 2012 -** Transfer of \$44,157 from the Winnemucca Reserve category to the Winnemucca Facility Maintenance category and \$4,144 from the Winnemucca Reserve category to a new Winnemucca Reserve category to cover the cost of needed repairs at the Winnemucca Facility and use a consistent reserve category across department accounts. Requires Interim Finance approval since the amount being transferred to the Winnemucca Facility Maintenance category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21543**

Refer to motion for approval under Agenda Item G.

- 122. Department of Conservation and Natural Resources - Environmental Protection - Administration - FY 2012 -** Addition of \$600,000 in federal Department of Energy grant funds to support the agency's ongoing environmental management activities and to support other divisions within the department that have environmental improvement activities. Requires Interim Finance approval since the amount added to the Transfer to State Agencies category exceeds \$75,000. **Work Program #C21565**

Refer to motion for approval under Agenda Item G.

- 123. Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2012** - Addition of \$132,094 in funds transferred from the Environmental Protection State Revolving Fund (SRF) to support the cost for a supervising engineer position that is being eliminated in the SRF. The elimination of this position is made in anticipation of further federal grant funding reductions. Funding for this position is being transferred in response to a significant increase in workload resulting from the promulgation of new federal regulations and mandates, which have greatly expanded the demands placed on the regulated community and the bureau. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **RELATES TO ITEM 128. Work Program #C21573**

Refer to motion for approval under Agenda Item G.

- 124. Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2012** - Addition of \$413,958 in federal State Clean Diesel grant funds, \$80,000 in assessment fees transferred from the Environmental Protection Chemical Hazardous Protection Account, and \$1,513,754 in State Annual Emissions and Maintenance Fees transferred from Environmental Protection. These funds are balanced forward from FY 2011 to support the agency's ongoing efforts in its Clean Diesel grant program; fund contract services in the agency's Chemical Accident Prevention Program (CAPP); and fund ongoing contractual services associated with the agency's air monitoring and enforcement programs. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C21649**

Refer to motion for approval under Agenda Item G.

- 125. Department of Conservation and Natural Resources - Environmental Protection - Water Pollution Control - FY 2012** - Addition of \$79,425 in funds transferred from the Drinking Water State Revolving Fund (DWSRF). These are funds balanced forward from FY 2011 that will support the agency's ongoing efforts associated with enforcing the state's water pollution control laws and regulations. Requires Interim Finance approval since the amount added to the Well Head Program category exceeds \$75,000. **Work Program #C21594**

Refer to motion for approval under Agenda Item G.

- 126. Department of Conservation and Natural Resources - Environmental Protection - Water Pollution Control - FY 2012** - Addition of \$36,357 in federal Environmental Protection Agency (EPA) grant funds to transition to direct entry of data associated with the National Pollutant Discharge Elimination System's permits/discharges into the Integrated Compliance Information System database. This includes identification of require data fields, populating missing data fields with readily available data and conducting post migration review and batch uploads. Requires Interim Finance approval since the amount added to the Federal Office of Enforcement and Compliance Assurance (OCEA) grant category



exceeds 10 percent of the legislatively approved amount for that category.  
**Work Program #C21578**

Refer to motion for approval under Agenda Item G.

- 127. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Federal Facilities - FY 2012** - Addition of \$320,257 in federal Leaking Underground Storage Tank grant funds; \$272,369 in federal Department of Energy grant funds; \$668,826 in federal Environmental Protection Agency (EPA) Exchange Network grant funds; \$128,858 in federal EPA Underground Storage Tank grant funds; \$263,983 in federal EPA Superfund grant funds; \$754,410 in federal EPA State Response grant funds; \$10,000 in Civil Penalties; \$1,083,591 in funds transferred from Management of Hazardous Materials; \$127,784 in funds transferred from the Petroleum Trust Fund; and \$58,621 in funds transferred from the Nevada Division of Environmental Protection Administration. These are funds balanced forward from FY 2011 to continue support of the agency's ongoing programs and activities. Requires Interim Finance approval since the amount added to the Corrective Actions category exceeds \$75,000. **Work Program #C21574**

Refer to motion for approval under Agenda Item G.

- 128. Department of Conservation and Natural Resources - Environmental Protection - State Revolving Fund - Administration - FY 2012** - Deletion of \$43,232 in federal Environmental Protection Agency (EPA) Water Pollution Control State Revolving Fund (SRF) grant funds and \$88,862 in federal EPA Drinking SRF Administration grant funds associated with the salary and support cost for a supervising engineer position. The elimination of this position is made in anticipation of further federal grant funding reductions. Funding for this position will be transferred to the Bureau of Air Pollution Control. The bureau is experiencing a dramatic increase in workload related to the promulgation of new federal regulations and mandates, which have greatly expanded the demands placed on the regulated community and the bureau. Requires Interim Finance approval since the amount being deleted from the Personnel Services category exceeds \$75,000. **RELATES TO ITEM 123. Work Program #C21544**

Refer to motion for approval under Agenda Item G.

- 129. Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2012** - Addition of \$100,000 in federal Environmental Protection Agency (EPA) Water Quality Management Planning grant funds to continue water quality management and planning in Nevada by coordinating and collaborating with designated Clean Water Act 208 planning agencies for development of effective area-wide water quality protection plans. Requires Interim Finance approval since the amount added to the Federal 604

Water Quality Planning category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21631**

Refer to motion for approval under Agenda Item G.

- 130. Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2012** - Addition of \$509,181 in federal Environmental Protection Agency (EPA) Clean Water Act (CWA) grant funds to create a Lake Tahoe Total Maximum Daily Load (TMDL) Management System. This system will be used to implement the Lake Tahoe TMDL within a continual improvement and adaptive management framework as indicated within the Lake Tahoe management system design. Requires Interim Finance approval since the amount added to the Federal 104 Water Resource Research grant category exceeds \$75,000. **Work Program #C21637**

Refer to motion for approval under Agenda Item G.

- 131. Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2012** - Addition of \$202,816 in federal Environmental Protection Agency (EPA) Clean Water Act Section 106 grant funds balanced forward from FY 2011; \$41,948 in federal EPA Clean Water Act section 604B grant funds balanced forward from FY 2011; and \$1,878,324 in federal EPA Clean Water Act section 319H grant funds balanced forward from FY 2011. The funds will assist the agency in administering various programs for the prevention, reduction and elimination of water pollution; assist with water quality planning through the development of the agency's 208 Area-wide Wastewater Management Plan; and support the implementation of the State Non Point Source (NPS) Pollution Management Program. Requires Interim Finance approval since the amount added to the Federal 319 Clean Water Act category exceeds \$75,000. **Work Program #C21661**

Refer to motion for approval under Agenda Item G.

- 132. Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2012** - Addition of \$69,000 in license plate fees transferred from State Lands to support the development of a web-based platform that combines the functions of the Pollutant Load Reduction Model; Road and Best Management Practices Rapid Assessments Methodologies; accounting and tracking tools; and various crediting program forms and reports. The integrated product will ease the administrative burden and reduce the cost of implementing the crediting program. Requires Interim Finance approval since the amount added to the Lake Tahoe License Plate Program category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21641**

Refer to motion for approval under Agenda Item G.

- 133. Department of Conservation and Natural Resources - Environmental Protection - Safe Drinking Water Regulatory Program - FY 2012** - Addition of \$277,235 in ARRA funds transferred from the Drinking Water State Revolving Fund (DWSRF). These are remaining funds balanced forward from FY 2011 that will support the agency's vulnerability assessment and waiver program and pay for the agency's use of temporary employment services. Requires Interim Finance approval since the amount added to the Federal DWSRF grant category exceeds \$75,000. **Work Program #C21614**

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that items G-134, 135, 139, 142, and 143 would be heard together.

- 134. Department of Wildlife - Wildlife Fund - FY 2012** - Transfer of \$10,450 from the Reserve category to the Transfer to Fisheries Management category to purchase equipment for the Aquatic Invasive Species Program. Requires Interim Finance approval since the cumulative amount added to the Transfer to Fisheries Management category exceeds \$75,000. **RELATES TO ITEM 142. Work Program #C21171**

Refer to motion for approval under Agenda Item G-143.

- 135. Department of Wildlife - Wildlife Fund - FY 2012** - Transfer of \$32,191 from the Boating Reserve category to the Transfer to Law Enforcement category and transfer of \$131,812 from the Reserve category to the Transfer to Law Enforcement category for the purchase of replacement vehicles. Requires Interim Finance approval since the amount added to the Transfer to Law Enforcement category exceeds \$75,000. **RELATES TO ITEM 139. Work Program #C21237**

Refer to testimony and motion for approval under Agenda Item G-143.

- 136. Department of Wildlife - Obligated Reserve - FY 2011** - Transfer of \$366,760 from the Reserve category to the Transfer to Wildlife category and transfer of \$77,292 from the Restricted Reserves category to the Transfer to Wildlife category for payroll and vehicle mileage costs through the end of SFY 2011. Requires Interim Finance approval since the amount added to the Transfer to Wildlife category exceeds \$75,000. **Work Program #C21373**

Refer to motion for approval under Agenda Item G.

- 137. Department of Wildlife - Operations - FY 2012** - Addition of \$260,065 in federal Wildlife Restoration W48 funds; \$20,469 in federal Wildlife Restoration W64 funds; \$74,729 in federal Wildlife Restoration FW4D funds; \$65,557 in federal Sportfish F-32 funds; \$51,191 in federal Boating Access Funds; \$200,109 in federal Coast Guard grant funds; \$299,163 in Cost Allocation-Utility funds; \$22,089 in Cost Allocation-Information Technology funds; \$441,303 in Transfer Application Fees;

and \$220,345 in Transfer Boat Tax Assessment fees. Deletion of \$274,179 in U.S. Coast Guard Boat Aid; \$6,945 in federal Statewide Wildlife grants; \$301,484 in federal Pittman Robertson Aid; \$97,129 in federal Dingell Johnson Aid; \$33,017 in federal Landowner Incentives; \$308,846 in Cost Allocation-Indirect Costs funds; \$48,398 in Transfer from Wildlife Funds; \$216,901 in Transfer of Unrestricted Revenue; and \$166,758 in Transfer Boating Revenue to increase transparency and align funding of programs. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **WITHDRAWN AUGUST 22, 2011. Work Program #C21389**

- 138. Department of Wildlife - Conservation Education - FY 2012** - Addition of \$595,569 in federal Wildlife Hunter Education Restoration funds, \$80,000 in federal Wildlife Shooting Facility Maintenance Restoration funds, \$357,850 in Sportfish funds, and \$401,029 in Transfer from Unrestricted Revenue funds; deletion of \$694,474 in federal Hunter Safety Aid, \$366,242 in federal Dingell Johnson Aid, \$43,533 in Indirect Cost Reimbursements, and \$354,945 in Transfer from Wildlife Funds to increase transparency and align funding of programs. Requires Interim Finance approval since the added to the Operating Expenses category exceeds \$75,000. **WITHDRAWN AUGUST 22, 2011. Work Program #C21390**

- 139. Department of Wildlife - Law Enforcement - FY 2012** - Addition of \$131,812 in Unrestricted Wildlife funds and \$32,191 in Boating Reserve funds to purchase five replacement vehicles. Requires Interim Finance approval since the amount added to the Wildlife Enforcement category exceeds \$75,000. **RELATES TO ITEM 135. Work Program #C21226**

Refer to testimony and motion for approval under Agenda Item G-143.

- 140. Department of Wildlife - Law Enforcement - FY 2012** - Addition of \$123,860 in Boat Fuel Taxes; \$378,664 in federal Boat Access funds; \$933,764 in federal Coast Guard grant funds, \$127,308 in Transfer from Unrestricted Wildlife funds; \$23,955 in Transfer from Wildlife Guide Fees; and \$28,200 in Transfer from Wildlife Operation Game Thief funds; deletion of \$867,257 in federal Boat Aid; \$463,461 in federal Dingell Johnson Aid; \$7,879 in Boating State and federal Partnership program funds; \$1,444 in Transfer from Wildlife Boating funds; and \$267,739 in Transfer from Unrestricted Boating revenues to increase transparency and realign funding of programs. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **WITHDRAWN AUGUST 22, 2011. Work Program #C21391**

- 141. Department of Wildlife - Game Management - FY 2012** - Addition of \$1,831,719 in federal Wildlife Restoration W48 funds; \$253,608 in federal Wildlife Restoration W64 funds; \$75,000 in federal Wildlife Restoration W68 funds; \$229,468 in Small grants, and \$2,111 in Transfer of Elk Damage fees; deletion of \$117,761 in federal U.S. Fish and Wildlife Services/Bureau of Land Management/U.S. Department of

Agriculture grant funds; \$60,883 in U.S. Department of Agriculture Chronic Wasting Disease funds; \$67,875 in federal Southern Nevada Public Land Management Act grant funds; \$2,220,574 in federal Pittman Robertson Aid; \$875 in Transfer from Wildlife Funds; \$99,962 in Transfer of Unrestricted Revenue, \$37,555 in Transfer of Predation Fees; and \$6,442 in Transfer of Upland Game fees to increase transparency and realign funding of programs. Requires Interim Finance approval since the amount deducted from the Transfer to the Director's Office category exceeds \$75,000. **WITHDRAWN AUGUST 22, 2011. Work Program #C21393**

- 142. Department of Wildlife - Fisheries Management - FY 2012** - Addition of \$31,352 in federal U.S. Fish and Wildlife Service Sport Fish Restoration program grant funds; \$103,529 in federal Southern Nevada Public Land Management Act grant funds; and \$10,450 in Transfer of Unrestricted Wildlife funds to purchase equipment for the Aquatic Invasive Species program. Requires Interim Finance approval since the amount added to the Fisheries Small grants category exceeds \$75,000. **RELATES TO ITEM 134. Work Program #C21165**

Refer to testimony and motion for approval under Agenda Item G-143.

- 143. Department of Wildlife - Fisheries Management - FY 2012** -Addition of \$94,710 federal U.S. Wildlife and Sport Fish Restoration program grant funds and \$69,527 in Transfer of Unrestricted Wildlife Funds to purchase five replacement vehicles for the Fish Management and Section 6 Endangered Species programs. Requires Interim Finance approval since the amount added to the Sportfish Management category exceeds \$75,000. **Work Program #C21215**

Patrick Cates, Deputy Director, Department of Wildlife, explained Agenda Items G-134 and 135 were transfers from the Department's reserves to facilitate the work programs in items G-139, 142, and 143. Item G-139 was a request for funding of five replacement vehicles for the Law Enforcement Division, to be paid from fee-based reserves. He explained the Department had a fleet of approximately 200 vehicles, and 42 percent of them had over 100,000 miles; the vehicles being replaced had approximately 150,000 miles. Mr. Cates noted the vehicles were used by game wardens for rugged use in the back country, and they had been experiencing costly repairs. The Department felt replacement of some of the vehicles on a limited basis was critical.

Mr. Cates explained Agenda Item G-142, Fisheries Management, requested funding from fiscal year 2011 be carried forward because deliveries could not be made in time to finalize expenditures by the end of the fiscal year. One item was for a fish haul truck for the Mason Valley Hatchery, which was to be paid 75 percent with Fish Restoration grant funds and 25 percent with fee reserves. The request also included purchase of an electro fishing boat. Mr. Cates said the boat was being purchased with federal funds from the Tahoe Regional Planning Agency (TRPA), and it was to be used exclusively on Lake Tahoe, in cooperation with California Fish and Game, to address the invasive aquatic fish species problems in the Lake. He noted recent newspaper articles had

reported that small-mouthed bass had become an invasive species in Lake Tahoe, which prompted the purchase of the boat. Mr. Cates said originally California Fish and Game was going to purchase the boat, but because of that state's restrictions, it was unable to make the purchase. He noted that work programs for both requests had been submitted to IFC for fiscal year 2011, but as he had said, the purchases could not be completed by the end of the year.

Continuing, Mr. Cates explained Agenda Item G-143, Fisheries Management, was a work program request to purchase five vehicles for the Fisheries Division, to be paid 75 percent with federal funds and 25 percent with fee-based reserves. The purchases were approved in the grant too late in fiscal year 2011 to include in the 2011-2013 biennial budget. He said a lot of equipment was requested in the Department's biennial budget request, but the Department opted to not request vehicles in the agency request because of concerns for the reserve projections and how much grant funding would be available. Mr. Cates said the budget target for the biennial budget was high; the assumption was there would not be a continuation of furloughs and salaries would be restored, resulting in the projection of a larger budget than was ultimately approved.

Mr. Cates went on to explain that with approval of the 2011-2013 biennial budget, the Department's reserve projections were looking more positive, and revenue had already come in higher than projected. He said the Department had been successful in reducing expenditures in fiscal year 2011 by holding positions vacant and deferring purchases, which also helped to bolster reserves. Mr. Cates said the Department felt it was prudent to request a limited number of vehicles to try to meet the minimal needs of the fleet.

Assemblyman Bobzien remarked the theme of the day appeared to be the need to honor the usual legislative budget process. He appreciated the special nature of the purchase of the boat through TRPA in item 142. However, when vehicles reached over 100,000 miles, it was obvious that new vehicles were needed. He was concerned that the request for vehicles was not a part of The Executive Budget process. Assemblyman Bobzien said he was hesitant to approve expenditures from reserves at the start of the biennium when there could be other needs. He was concerned that the requests should be part of the normal budgeting process and not as adjustments during the interim. He asked Mr. Cates to comment.

Mr. Cates replied that he agreed. He reiterated that it had been his intention to include vehicles in the agency budget request, but given the projections of payroll costs and reserves, the Department made the decision to try to get by without replacement vehicles. It now did not seem worthwhile to wait another two years and let the vehicles reach 200,000 miles. Mr. Cates said he understood the Committee's concerns, but he noted the request was for 10 vehicles out of a fleet of 200, and only the most critical were being replaced. He added the Department made efforts to work with the federal government to use grant monies toward the purchase of the vehicles, which historically had not been done. He noted that grant funds could not be used for law enforcement vehicles.

Assemblyman Bobzien did not recall the Department expressing an unmet need for replacement vehicles during the 2011 Legislative Session. He wanted to emphasize that the Legislature needed to be kept apprised, as part of the normal budget process, of agency needs that might not be included in The Executive Budget.

Senator Denis asked whether the Department's fleet totaled 200 vehicles. Mr. Cates replied the exact number was 217, and 42 percent of them had over 100,000 miles. He added that a small number of vehicles that sat on the wildlife areas had high mileages, but they were not driven a lot. However, the field vehicles that had 100,000 to 200,000 miles experienced a lot of wear and tear.

Senator Kieckhefer asked if he had understood correctly that the TRPA was giving the Department money to buy a boat. Mr. Cates replied the money was from the federal government, and the TRPA was coordinating the efforts to combat aquatic invasive species in the Lake.

Senator Kieckhefer asked whether the Department had a budget to maintain, house, staff, and fuel the boat. Mr. Cates replied the Department had a cooperative agreement with California Fish and Game and TRPA on use of the boat and sharing maintenance costs. He anticipated that California Fish and Game would use the boat more than Nevada, but the Department had adequate funding in the Fisheries Management budget to support the costs.

ASSEMBLYMAN BOBZIEN MOVED FOR APPROVAL OF  
AGENDA ITEMS G-134, 135, 139, 142, AND 143.

SENATOR DENIS SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Assemblyman Conklin was not present  
for the vote.)

- 144. Department of Wildlife - Fisheries Management - FY 2012** -Addition of \$54,456 in federal U.S. Wildlife and Sport Fish Restoration program grant funds to aid in the efforts to delist the endangered Pahrump Poolfish. Requires Interim Finance approval since the cumulative amount added to the State Wildlife Grant for Aquatic Conservation category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21328**

Refer to motion for approval under Agenda Item G.

- 145. Department of Wildlife - Fisheries Management - FY 2012** - Addition of \$1,563,305 in federal Sportfish F-20 funds; \$1,609,913 in federal Sportfish F-32 funds; \$700,000 in federal Sportfish F-38 funds; \$287,238 in federal Endangered Species Section 6 funds; \$105,797 in federal Statewide Wildlife grant T2P2 funds;

\$347,363 in federal Small grants; and \$1,544 in Transfer of Trout Stamp fees; deletion of \$42,560 in federal U.S. Fish and Wildlife Services/Bureau of Land Management/U.S. Department of Agriculture grants, \$163,512 in federal U.S. Department of the Interior Pupfish funds; \$296,978 in Cooperative Endangered Species Section 6 funds; \$12,961 in federal grant - National Park Service funds; \$68,330 in federal Bureau of Reclamation Funds; \$61,183 in federal Southern Nevada Public Land Management grant funds; \$139,316 in federal Statewide Wildlife grants; \$1,423,676 in federal Dingell Johnson Aid; \$1,676,174 in Sportfish Production/Distribution funds; \$700,000 in Sportfish Hatchery Refurbishment funds; \$1,289 in Transfer from Wildlife Funds; and \$222,807 in Transfer from Unrestricted Revenues to increase transparency and realign funding of programs. Requires Interim Finance approval since the amount deducted from the Transfer Vehicles category exceeds \$75,000. **WITHDRAWN AUGUST 22, 2011. Work Program #C21394**

- 146. Department of Wildlife - Diversity - FY 2012** - Addition of \$54,160 in federal Endangered Species Section 6 funds; \$121,326 in federal Landowner Incentive grant funds; \$147,543 in federal Statewide Wildlife grant FW3T funds; \$14,573 in federal Statewide grant U8 funds; \$467,889 in federal Statewide grant T-1-1 funds; \$72,333 in federal Statewide Wildlife grant T3P1P funds; and \$229,408 in federal Statewide Wildlife grant FW24 funds; deletion of \$57,385 in Section 6 Endangered Species Act funds; \$1,087,411 in Statewide Wildlife grant Planning and Implementation funds; \$54,565 in Landowner Incentive program funds; \$160,810 in Transfer from Conservation for Tahoe Environmental Impact program funds; \$15,557 in Transfer from Unrestricted Revenues; and \$236,779 in Transfer of Habitat Conservation Fees to increase transparency and realign funding of programs. Requires Interim Finance approval since the amount deleted from the Statewide Wildlife Grant Plan Implementation category exceeds \$75,000. **WITHDRAWN AUGUST 22, 2011. Work Program #C21395**

- 147. Department of Wildlife - Habitat - FY 2012** - Addition of \$684,056 in federal Wildlife Restoration FW3T fund; \$1,252,086 in federal Wildlife Restoration FW4D funds; \$152,373 in federal Wildlife Restoration W61 funds; \$511,224 in federal Wildlife Restoration W58 funds; \$438,215 in federal Wildlife Restoration FW24 funds; \$245,084 in federal Sportfish FW3T funds; and \$264,736 in federal Sportfish FW4D funds; deletion of \$95,212 in Statewide Wildlife grants; \$2,956,585 in federal Pittman Robertson Aid; \$467,221 in federal Dingell Johnson Aid; \$94,798 in Transfer from Unrestricted Revenue; \$147,119 in Transfer from Habitat Conservation fees; \$10,447 in Transfer from Duck Stamp fees; \$13,157 in Transfer from Mining Assessment fees; and \$21,451 in Transfer from Upland Game Stamp funds to increase transparency and realign funding of programs. Requires Interim Finance approval since the amount deducted from the Transfer Vehicles category exceeds \$75,000. **WITHDRAWN AUGUST 22, 2011. Work Program #C21396**



- 148. Department of Transportation - FY 2012** - Addition of \$284,699 in Highway Fund Authorization to reestablish unexpended FY 2011 authority approved by the 2009 Legislature for the implementation of an Electronic Bidding System. Requires Interim Finance approval since the amount added to the Administrative Consultants/Other Federal Programs category exceeds \$75,000. **Work Program #C21421**

Refer to motion for approval under Agenda Item G.

- 149. Department of Transportation - FY 2012** - Addition of ~~\$366,697~~ **\$338,551** in Highway Fund Authorization and ~~\$796,733~~ **\$164,937** in Federal Highway Administration (FHWA) grant funds to reestablish unexpended FY 2011 authority for regular department mobile and fleet licensed equipment and/or non-rental equipment that will be delivered in FY 2012 and Congestion Mitigation and Air Quality (CMAQ) equipment eligible for 100 percent federal reimbursement. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$75,000. **Work Program #C21422. REVISED AUGUST 16, 2011.**

Refer to motion for approval under Agenda Item G.

- 150. Department of Transportation - FY 2012** - Addition of \$640,000 in U.S. Department of Transportation federal Railroad Administration grant funds to partially fund the federally-mandated state rail plan. Requires Interim Finance approval since the amount added to the Land and Building Improvements category exceeds \$75,000. **Work Program #C21423**

Refer to motion for approval under Agenda Item G.

- 151. Department of Transportation - FY 2012** - Addition of \$87,000 in Highway Fund Authorization to allow the department's Structural Design Division to continue to perform out-of-state inspections for fabrication of structural steel through the end of FY 2012. Requires Interim Finance approval since the amount added to the Out-of-State Inspection Audit category exceeds \$75,000. **Work Program #C21424**

Refer to motion for approval under Agenda Item G.

- 152. Department of Transportation - FY 2012** - Addition of \$286,767 in authority for reimbursement of expenses relating to the reconfiguring (re-banding, separating) of public safety frequencies from cellular frequencies. All costs will be reimbursed by Sprint Nextel. Requires Interim Finance approval since the amount added to the Nextel Re-banding category exceeds \$75,000. **Work Program #C21426**

Refer to motion for approval under Agenda Item G.

- 153. Department of Transportation - FY 2012** - Addition of \$155,571 in fees balanced forward from FY 2011 to continue the Bike Path Planning program. This request also transfers \$199,250 from the Reserve category to the Bike Path Planning

category to combine all related authority in the same special use category. Requires Interim Finance approval since the amount transferred to the Bike Path Planning category exceeds \$75,000. **Work Program #C21427**

Refer to motion for approval under Agenda Item G.

- 154. Office of Military - Adjutant General and National Guard - FY 2012** - Addition of \$348,019 in federal Department of Defense funds to support enhanced communication security, capabilities, and capacity. Requires Interim Finance approval since the amount added to the Communications category exceeds \$75,000. **Work Program #C21503**

Refer to motion for approval under Agenda Item G.

- 155. Office of Veterans' Services - Veterans' Home Account - FY 2012** - Addition of \$183,551 in federal U.S. Department of Veterans' Affairs funds balanced forward from FY 2011 to continue services for eligible veterans. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C21825**

Refer to motion for approval under Agenda Item G.

### **Reclassifications**

<b>Agency</b>	<b>Agency/ Account Number</b>	<b>Position Number</b>	<b>Present Class Title, Class Code, Grade &amp; Salary</b>	<b>Proposed Class Title, Class Code, Grade &amp; Salary</b>
Department of Corrections	440/3711	0405	Social Worker II, Code: 12.361 Grade 34, Step 09, \$61,950.96 Employee/Employer Paid Retirement	Program Officer I, Code: 7.649 Grade 31 Step 01, \$38,523.60 Employee/Employer Paid Retirement
Department of Transportation	800/4660	067-075	Telecommunications Coordinator II, Code: 6.969 Grade 38, Step 05, \$60,405.84 Employee/Employer Paid Retirement	Information Technology Professional III, Code: 7.925 Grade 39, Step 05, \$63,099.36 Employee/Employer Paid Retirement
Department of Transportation	800/4660	067-079	Telecommunications Coordinator I, Code: 6.964 Grade 35, Step 01, \$44,411.76 Employee/Employer Paid Retirement	Information Technology Professional II, Code: 7.926 Grade 37, Step 01, \$48,462.48 Employee/Employer Paid Retirement
Office of Veterans' Affairs	240/2561	022000	Registered Nurse IV, Code: 10.354 Grade 39, Step 01, \$52,847.28 Employee/Employer Paid Retirement	Administrative Assistant III, Code 2.211 Grade 27 Step 01, \$31,862.88 Employee/Employer Paid Retirement

Refer to motion for approval under Agenda Item G.

#### H. STATE PUBLIC WORKS BOARD – REPORT FROM THE IFC’S SUBCOMMITTEE TO REVIEW PUBLIC WORKS BOARD MATTERS IN ACCORDANCE WITH NRS 218E.405.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reviewed the report of the August 30, 2011, meeting of the Interim Finance Committee’s Subcommittee to Review Public Works Board (PWB) Matters ([Exhibit G](#)). The Subcommittee had considered a number of action items and two informational items, and Mr. Combs reviewed the Committee’s actions and recommendations:

1. Request to cancel seven 2009 Capital Improvement Program (CIP) projects. Two projects were canceled based on changed circumstances or conditions, and the remaining five projects were canceled due to a lack of bond availability in the 2009-2011 biennium. The projects were replaced with projects approved in the 2011 Capital Improvement Program. Mr. Combs reported the Subcommittee recommended approval of the cancellation of the seven projects.
2. Request to modify the scope of CIP Project 09-S05, Statewide Paving Program, to eliminate improvements approved for the Bradley Building, the Las Vegas Buildings and Grounds Building, and the Capitol Complex. Mr. Combs explained the reason for the request to modify the scope of the project was that the parking lots in those locations were determined by the PWB to have deteriorated to the point where it would no longer be cost effective to crack and slurry seal the lots; the asphalt would instead be replaced in a future repaving project. The Subcommittee recommended approval of the request.
3. Informational item regarding six projects that had been completed from the 2009 Capital Improvement Program at a cost that was less than legislatively approved. Mr. Combs noted a list of the projects and the available savings (\$993,612 total) were included on page 3 of [Exhibit G](#).
4. Informational item which listed eight projects that had received favorable construction bids that were less than the amount of the project cost estimate at the time the project was approved by the Legislature. Mr. Combs noted that a list of the projects and the projected amount of savings (\$11,083,554 total) were included on page 4 of [Exhibit G](#).
5. Action item to reconsider IFC action taken on February 3, 2011, to cancel CIP project 09-M34, which was a project to install a panic alarm system at the Dini-Townsend Hospital. Mr. Combs explained the request for reconsideration would still cancel the project, but allow the remaining funds in the project at the time of cancellation to be used to fund certain other 2009 CIP projects for which there was not enough bond cash to fund. The Subcommittee recommended approval of reconsideration of the item and to allow approximately \$82,000 to be used for other bonded 2009 CIP projects. Mr. Combs explained the request for

approval was a technicality to ensure the PWB did not take any action without IFC approval.

6. An informational item, CIP Project Exception Report, was presented at every IFC meeting. Mr. Combs pointed out that page 5 of [Exhibit G](#) included the four projects that were discussed in some detail at the Subcommittee meeting. The Subcommittee recommended the IFC accept the August 2011 CIP Project Exception Report.

Chairwoman Smith thanked Mr. Combs for his presentation. She said that even though the meetings were shorter because of the limited funding for public works projects, the Subcommittee could spend time vetting each item and submit its recommendations to the IFC. She asked for questions from Committee members; there were none.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE THE REPORT OF THE IFC'S SUBCOMMITTEE TO REVIEW PUBLIC WORKS BOARD MATTERS.

SENATOR KIECKHEFER SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

#### I. STATEMENT OF CONTINGENCY FUND BALANCE.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referred the Committee to the balance statement for the Contingency Fund ([Exhibit H](#)). He noted the Unrestricted General Fund Balance prior to the current meeting was \$11,976,711, and if all of the requests on the agenda were approved, the balance would be \$11,370,900. The Unrestricted General Fund Balance was \$28,035,973, and if the allocation for the Unemployment Insurance Trust Fund interest payment was approved at this meeting, the balance would be reduced to approximately \$4.1 million for fiscal year 2012. Mr. Combs noted the allocation was an unusually large request, and further information would be provided under Agenda Item K.

Chairwoman Smith asked for questions concerning the Contingency Fund balance; there were none.

#### J. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND (GENERAL FUND) PURSUANT TO NRS 353.268.

1. State Department of Agriculture-Predatory Animal and Rodent Control – Request for an allocation of \$18,500 to cover a revenue shortfall in fiscal year 2011.

John McCuin, Administrative Services Officer, Department of Agriculture, explained the Department had two requests for allocation from the Contingency Fund to cover budget shortfalls in fiscal year 2011. Item J.1. was a request for an allocation to the Predatory Animal and Rodent Control budget, which was funded from three sources:

- General Fund appropriations.
- A head tax on sheep grazing in Nevada transferred from the woolgrowers.
- A transfer from the Department of Wildlife to support an expenditure category for predatory reduction and mountain lion positions.

Mr. McCuin said the sheep grazing tax was an estimated amount, and collections had come in approximately \$1,700 under the budgeted amount. The transfer from the Department of Wildlife was a dollar-for-dollar reimbursement for expenditures made from the predatory reduction category plus \$40,000 to support two mountain lion experts. Mr. McCuin explained an additional \$26,200 was budgeted for each expert by the Department of Wildlife, which determined the dollar amount on an annual basis. In fiscal year 2010, the Department of Wildlife transferred \$52,000 to the Department of Agriculture, but in fiscal year 2011, only half, or \$26,000, was allocated. Mr. McCuin said even though the Department of Agriculture had not exceeded any expenditure categories, lower-than-budgeted Department of Wildlife transfers resulted in a shortage in the Predatory Animal and Rodent Control budget.

Senator Kieckhefer recalled that during the 2011 Legislative Session budget process, it was revealed that the fund maps for the Department of Agriculture were inaccurate. The Department had been directed to work with the Fiscal Division to resolve the problems to avoid shortfalls in the 2011-2013 biennium.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated Senator Kieckhefer was correct in his recollection of the Department's budget problems during the 2011 Session. He said the Department was fully aware of the problems, and he believed Department staff was making concerted efforts to resolve the fund mapping issues. Mr. Combs remarked the level of work on the Department's budgets by the General Government Subcommittee during the Session, as well as the attitude of the new Director and Administrative Services Officer for the Department, would result in progress in the current biennium and in preparing the agency's recommended budget for the next biennium.

Mr. McCuin said after becoming aware of the problems with the Predatory Animal Control budget account, he had reviewed the fund maps for fiscal years 2012 and 2013, and they were correct.

SENATOR RHOADS MOVED FOR APPROVAL OF ITEM J -1.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

2. State Department of Agriculture-Veterinary Medical Services – Request for an allocation of \$43,404 to cover a revenue shortfall and unbudgeted personnel services costs in fiscal year 2011.

John McCuin, Administrative Services Officer, Department of Agriculture, explained one position was eliminated by the 2009 Legislature for fiscal years (FY) 2010 and 2011. During the 26th Special Session in 2010, that same position was eliminated again for FY 2011, resulting in a shortage of General Fund of \$61,000. Mr. McCuin noted that no expenditure category was exceeded, because there were several grants involved to fund the positions. However, if work was not done for a particular grant, then the full potential of the grant was not realized and personnel costs could not be funded. Therefore, revenues would not come in as projected, resulting in a revenue shortfall.

Chairwoman Smith affirmed the Department had taken steps to ensure that proper fund mapping procedures were in place and expenditures would not exceed revenues.

Mr. McCuin replied Chairwoman Smith was correct and added that part of the problem was his inexperience with the Department. He had recently joined the Department, and he had never worked with a budget account that had budget overrides and was allowed to operate with a negative cash flow. He was concerned with negative cash, but was told because of the reimbursements on grants, expenditures had to be made before reimbursements could be received. He had incorrectly assumed that was the reason for the shortage in the Veterinary Medical Services budget, until the end of the year when it became obvious there was a revenue deficit. Mr. McCuin said he had reviewed the fund maps for the budget for fiscal years 2012 and 2013 and they were correct.

Chairwoman Smith thanked Mr. McCuin for his efforts; it appeared the Department was on the right track toward resolving the budgeting problems. She asked for questions from the Committee; there were none, and she called for a motion.

SENATOR RHOADS MOVED TO APPROVE AGENDA ITEM J-2.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

3. Department of Cultural Affairs-Division of Museums and History – Request for an allocation of \$2,884 to cover unbudgeted personnel services costs.

Mark Costa, Administrative Services Officer, Department of Cultural Affairs, explained Agenda Item J-3 was a request for a Contingency Fund allocation of \$2,884 for budget account 2941, the administrative account for the Division of Museums and History. He said the allocation would remedy a projected shortfall in personnel expenses. Mr. Costa said the amount of the shortfall was actually projected to be \$5,445, but the remaining \$2,561 would be made up from transfer of vacancy savings from another budget account in the Division and excess expenditure authority from instate travel and information services.

Mr. Costa said the justification for requesting the \$2,884 in Contingency Funds was the Account Technician position in budget account 2941 was eliminated as mandatory budget savings. It was found that the legislatively approved salary for the position was \$72,365, but the amount removed from the work program to reduce the budget was \$75,308, which was a difference of \$2,943 more than originally legislatively approved.

Chairwoman Smith asked for questions from the Committee; there were none, and she called for a motion to approve the request.

SENATOR KIECKHEFER MOVED FOR APPROVAL OF AGENDA ITEM J-3.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Senators Denis and Leslie and Assemblymen Atkinson and Conklin were not present for the vote.)

4. Secretary of State's Office – Request for an allocation of \$539,137 to reimburse counties for all costs and expenses incurred by the counties to conduct the special election to fill the vacancy in Congressional District 2.

Ross Miller, Secretary of State, explained Agenda Item J-4 was a request to transfer funds from the IFC Contingency Fund to pay the costs and expenses incurred by the counties related to the special election to be held September 13, 2011. The request was for an estimated cost of \$539,137, which had been revised downward substantially from the counties' original estimate of \$784,250.

Secretary Miller added that the state also incurred expenses for the election in the amount of \$147,685, which was paid from the Help America Vote Act (HAVA) account to warranty and license the voting machines for the election. He explained that ordinarily in a typical election, the state would only pay the cost of ballot stock and printing and the counties assumed the costs of administration of the election. However,

this particular election was not anticipated and none of the counties had budgeted for it. As a result, Secretary Miller said his office put forward an emergency regulation, which was signed by Governor Sandoval, outlining the state's intent, pursuant to the Legislature's approval, to reimburse the counties for any costs they incurred for the special election that would not have otherwise existed, subject to specific limitations: costs would not be reimbursed for staff salaries, already existing county clerk and registrar's and voter's standard office operating costs, or any costs associated with the licensing of the machines. Pursuant to the regulation, Secretary Miller said the counties would submit their actual expenses on a form approved by his office, and the requests for reimbursement would be diligently reviewed before paying them from the Contingency Fund allocation.

Chairwoman Smith asked whether the Secretary of State's Office had talked to the counties concerning their ability to contribute toward the costs of the special election.

Secretary Miller replied discussions were held with the counties. Shortly after the special election was announced, his office received a letter from the Nevada Association of Counties (NACO) urging the state to pay the costs, as the counties had not budgeted for the expenses, and indicating that the election could be in jeopardy if the counties had to bear the costs. Secretary Miller said his office worked with the counties on their estimates of costs, which were reduced substantially. Most counties would not be conducting early voting on Sunday, and most of the polls would be closed on Labor Day. He stated the amount of \$539,137 was the minimum amount necessary to run the election without jeopardizing its integrity.

Chairwoman Smith asked whether the actual costs would be paid. If turnout was lower than anticipated, she wondered if the costs would be less.

Secretary Miller replied he did not anticipate the costs going down. Costs associated with the election, including the number of poll workers, sites, and mailing of sample ballots, were fixed. The cost would likely remain the same, even if the turnout was low.

Senator Cegavske affirmed that the funds being requested would be set aside and used to pay the actual bills submitted by the counties rather than granting them a lump sum of money. She was perplexed at some of the expenses, and she wanted assurance that payments would be made based upon receipts for actual expenditures.

Secretary Miller responded that pursuant to Office of the Secretary of State regulations, an eligible county had to submit invoices on the form prescribed by his office, and copies of the corresponding invoices, receipts, and other supporting documents must be attached. He reiterated that his office would diligently review each request before approving payment. Secretary Miller said he would submit a report of actual costs to the Interim Finance Committee after the election, and he understood that if the costs were less, excess funds would revert back to the IFC Contingency Fund.



Assemblyman Kirner recalled the Secretary of State had sent an email indicating that because of the short time span, the state was not able to take advantage of federal assistance for the election. He asked whether there would be an opportunity to apply for federal support to lessen the impact on the state.

Secretary Miller replied there were three options considered: whether the state should pay for the special election from the Contingency Fund, whether the counties should pay the costs as in an ordinary election, or whether the election should be paid from the federal Help America Vote Act account. He said the federal funds were created after the problems encountered in Florida in 2002 in an effort to put uniform standards in place. The HAVA funding did not appear to be a source of money that could be relied on in the future. There was about \$6 million in the account, and it was anticipated that the funds would be depleted following the 2014 election. Secretary Miller speculated that if any costs of the special election were paid from the HAVA account, funding of the 2014 election would be jeopardized. It was his opinion that the HAVA account was not intended for special elections, and in discussions at the federal level, there did not appear to be much appetite to supplement the HAVA funding.

Secretary Miller added that the use of HAVA funds was somewhat limited, and some of the costs identified by the counties that would be incurred for the special election could not be reimbursed from the HAVA account. More analysis would be needed concerning which costs could be paid by the state and which could be paid from HAVA funds. He reiterated that the state had already paid approximately \$150,000 in costs for licensing and warranting of the voting machines from the HAVA account.

Chairwoman Smith remarked that Fiscal staff had advised that of the \$594,137, only about \$23,000 from HAVA funds could be justified. Secretary Miller agreed that was correct.

Senator Leslie noted that Fiscal staff had indicated there was a reserve in account 1050 that could possibly be used to assist in the cost of the election. Secretary Miller replied he did not believe that was correct. The ending fiscal year (FY) 2011 balance in that account was \$3.7 million, and those funds had been committed for FY 2012 to pay operating expenses of the Securities Division as part of an agreement for the SOS Office to reduce expenditures. At the end of FY 2012, the balance in the account was estimated to be just over \$1 million, which would be applied toward the operating expenses of the Securities Division in FY 2013. Secretary Miller speculated there would actually be a deficit in the account at the end of FY 2013. He assured the Committee that the Fiscal staff had been very diligent before closing the budgets in ensuring that there were no excess funds in any accounts that would not be used.

Senator Leslie said that according to Fiscal staff, by the end of FY 2013, the unobligated reserve in account 1050 was budgeted at \$340,845, and she wondered whether a portion of that amount could be used to offset the Contingency Fund request. She agreed with Secretary Miller concerning the use of HAVA funds; she did not believe they were to be used for special elections. She was not against the request, but

observed that it was a substantial request from the Contingency Fund when it was only September of the first year of the biennium. Senator Leslie encouraged the Secretary of State to pursue possible options to offset the costs with any unobligated reserves.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, recalled that at the end of the 2011 Legislative Session, decisions were made about how to use reserve funds. At that time, Fiscal staff pointed out to the Committee that they believed that approximately \$300,000 had not been allocated from the 1050 account, and staff had offered the possibility for the Committee's consideration to use that amount to offset the General Fund need in the Office of the Secretary of State. The money committees decided not to use the reserve in that manner. Mr. Combs said that to his knowledge, there had not been a plan presented to the Fiscal Division concerning how the money would be used in the 2011-2013 biennium, which was why it had again been identified for use at this meeting. He said Fiscal staff had contacted staff in the Secretary of State's Office, who had indicated they could not agree with the \$340,000 figure, but they did not provide a different figure at the time, and there was no supporting documentation that would indicate a different dollar amount. Mr. Combs respectfully requested that the Secretary of State's Office work with Fiscal staff to determine why the Office anticipated a deficit and the Fiscal Division projected a surplus.

Senator Horsford observed it was known during the 2011 Legislative Session that there would be a special election because it was known that Representative Heller was going to be appointed to the U.S. Senate. He was not clear when it was known that the counties would not be able to share or participate in the costs, but he believed the Committee should rely on the Secretary of State's recommendation. Senator Horsford agreed that the HAVA funds were not appropriate for special elections; the funds would be needed for the 2012 and 2014 elections.

Concerning the reserve in account 1050, Senator Horsford asked the Secretary of State to have his staff work with the Fiscal Division to ensure that they agreed on the projected balance. He did not feel comfortable relying on a projected reserve for a special election, and in hindsight, he thought the costs of the election should have been budgeted for during the 2011 Legislative Session.

Senator Leslie said if the funding request was approved, she would still request a staff analysis of the projected balance in account 1050. She wanted to provide the option for a decision at a future meeting that a portion of the reserve could be used toward the costs of the election. She reiterated her concern that the amount requested from the Contingency Account was so large at this point in time.

Senator Denis asked whether a stipulation could be included in the motion for approval that if it was determined there was a projected surplus in the account, it could be used to offset the amount of the Contingency Fund request.

Chairwoman Smith said that since actual costs were being paid rather than advance payments being made, she agreed with Senator Leslie that Fiscal staff and the Secretary of State's Office should reconcile the projected balance and possibly make adjustments at the October IFC meeting.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said he thought a stipulation could be included in the motion or the resolution from the Committee to approve up to a certain amount from the Contingency Fund to pay for the special election. Fiscal staff could work with staff at the Secretary of State's Office between now and the next IFC meeting to reconcile the expenses and the unobligated reserve remaining in the 1050 account, and perhaps the Committee could set an upper limit of what may be available in the reserve to offset the Contingency Fund allocation. Once the reconciliations were done, the Secretary of State could reimburse the Contingency Fund for a certain amount from the unobligated reserve.

Mr. Krmpotic said the accounting deadlines for the State Controller were approaching; the Controller's Office would close the books the third week of September. The amount available in the Secretary of State's Office would be known by the October IFC meeting and action could be taken then to apply any surplus to the costs of the special election.

Chairwoman Smith asked whether it would be appropriate to entertain a motion to authorize the amount in the request, with the intention of the IFC to possibly consider a reimbursement to the Contingency Fund after the reconciliation of the unobligated reserve was completed.

Assemblyman Goicoechea believed it made sense to authorize the amount of \$539,137 and try to offset the costs from the unobligated reserve after the election.

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE THE REQUEST FROM THE CONTINGENCY FUND FOR \$539,137, WITH THE CAVEAT THAT THE FISCAL DIVISION STAFF WOULD WORK WITH THE SECRETARY OF STATE'S OFFICE TO DETERMINE THE BALANCE OF UNOBLIGATED RESERVE, AND THE ITEM WOULD BE RECONSIDERED AT THE OCTOBER IFC MEETING.

SENATOR LESLIE SECONDED THE MOTION.

Mr. Combs said he was comfortable with the motion, adding that the resolution would contain the typical statement that the funds were allocated to the Secretary of State's Office and for what purpose. If the full amount of the allocation was not expended, the balance would revert to the Contingency Fund. He believed if another source of funding was available, it could be used to offset the costs and a reversion of the same amount could be made to the Contingency Fund.

Senator Horsford observed elections were one of many functions of the Secretary of State's Office, and a decision to use all or a substantial portion of the unobligated

reserve for the special election should be carefully considered when other priorities could arise in the Office. He requested that the Secretary of State keep Fiscal staff informed of the overall needs of his office in the future.

Assemblyman Goicoechea asked for confirmation that determination of the dollar amounts and their sources would be made by the Committee at the October meeting. Chairwoman Smith stated he was correct.

Chairwoman Smith asked for public comment; there was none.

THE MOTION TO APPROVE AGENDA ITEM J-4 AS STIPULATED  
CARRIED UNANIMOUSLY.

5. Department of Public Safety-Nevada Highway Patrol – Request for an allocation of \$1,886 to fund costs associated with visiting dignitary protection in fiscal year 2011.

Bernie Curtis, Chief, Nevada Highway Patrol, Department of Public Safety, explained item J-5 was a request for \$1,886 from the Contingency Fund to fund dignitary protection in fiscal year 2011. The legislatively approved budget for dignitary protection was \$1,066, which would not sufficiently cover the anticipated costs.

Senator Kieckhefer asked whether the Nevada Highway Patrol (NHP) was sufficiently funded in the 2011-2013 biennium to cover the costs of visiting dignitaries during the upcoming elections.

Chief Curtis replied he did not believe funding would be sufficient. It was difficult to project how many dignitaries would be visiting the state during the upcoming election year, but he anticipated numerous requests for additional Contingency Funds would be necessary over the next year and a half.

Senator Kieckhefer asked whether the NHP projected the costs for a presidential campaign cycle when preparing a budget for dignitary protection. Chief Curtis replied that was not considered; he asked the Administrative Services Officer to provide further information.

Johnean Morrison, Administrative Services Officer, Nevada Highway Patrol, Department of Public Safety, said NHP historically had not considered the additional costs for visiting dignitaries. She noted that Nevada had only recently seen an influx of visiting dignitaries during elections, and it would be a consideration in the preparation of future budgets.

Chairwoman Smith asked for further questions from the Committee; there were none. She called for a motion for approval.

SENATOR PARKS MOVED FOR APPROVAL OF AGENDA  
ITEM J-5.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Senators Denis and Leslie and  
Assemblymen Atkinson and Conklin were not present for the vote.)

K. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND  
PURSUANT TO ASSEMBLY BILL 484, SECTION 3 (2011 SESSION) –  
Request for allocation of \$23,900,000 for interest payments due the federal  
government for the loan made available to the state upon depletion of Nevada's  
Unemployment Compensation Fund.

Cindy Jones, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation (DETR), explained that even though Nevada went into the recession with a solvent Unemployment Insurance Trust Fund with significant reserves of about \$800 million, the record unemployment rates and unprecedented benefit payments had caused the Unemployment Insurance Trust Fund to become insolvent in October 2009. Nevada, and approximately 35 other states, had to borrow funds for the continuation of the payment of regular unemployment insurance benefits due to the difficult economy.

Normally, Ms. Jones continued, when states borrowed funds from the federal government to pay unemployment insurance benefits, they were required to pay interest, but through the provisions of the American Reinvestment and Recovery Act (ARRA) of 2009, interest accruing to trust fund loans for 2009 and 2010 was waived. However, interest began to accrue January 1, 2011; the first payment was due no later than September 30, 2011, and it must be paid in order to maintain a certified unemployment insurance program in the state.

Ms. Jones said that through Assembly Bill 484 (2011 Session), funds were appropriated to the Interim Finance Committee Contingency Fund for the purpose of paying benefit trust fund loan interest payments for both 2011 and 2012. She said it was contemplated through projections that the first interest payment would be approximately \$23.9 million; however, the most recent projections were that the payment would be approximately \$22.7 million. On or about September 16, 2011, notification would be received from the Department of Labor of the exact payment amount. Ms. Jones noted that interest accrued daily, so an exact amount was not known. When the final payment amount was solidified, Ms. Jones would work with the Budget Division and Fiscal staff to make any technical adjustments needed to the requisite work program in order to facilitate the interest payment.

Senator Kieckhefer recalled there had been discussion about all interest being waived; he assumed that did not materialize. Ms. Jones replied there had been proposals by various entities, including in the President's 2012 budget, to waive all interest; however, she had not seen action on any of the proposed bills. With the federal budget reductions slated to occur by Thanksgiving, she was not optimistic that a waiver would be approved.

Senator Kieckhefer asked when the second payment would be due and how much had been set aside for that payment. Ms. Jones replied the next payment would be due September 30, 2012.

Renee Olson, Chief Financial Officer, DETR, added that the interest payment amount budgeted for the September 30, 2012, payment was \$40.1 million. Ms. Jones affirmed that amount was correct.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted that the IFC resolution, as currently drafted, required any amount not expended from the allocation to be reverted at the end of the biennium, which would be the end of FY 2013. However, based on Ms. Jones' comments, if the entire allocation was not needed for FY 2012, it would make sense to revert the remaining balance to the Contingency Fund, and it would then be available in FY 2013 if the second payment was more than anticipated. Mr. Combs said with the approval of the Committee, he would have the resolution revised to that effect.

Chairwoman Smith asked for further questions from the Committee; there were none. She would entertain a motion to approve the request, to include Mr. Combs' recommendation.

ASSEMBLYMAN HARDY MOVED TO APPROVE AGENDA ITEM K, WITH THE PROVISION THAT ANY UNSPENT FUNDS BE REVERTED TO THE CONTINGENCY FUND FOR POTENTIAL USE IN FISCAL YEAR 2013.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Senators Denis, Horsford, and Leslie and Assemblymen Atkinson and Conklin were not present for the vote.)

- L. APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335(2)(c) – Department of Public Safety – Request for approval to accept a donation of Automated External Defibrillators from the University of Nevada Reno, Medical School.

Mark Teska, Administrative Services Officer, Department of Public Safety, explained the Department was requesting approval to accept a donation of 128 automated external defibrillators from the University of Nevada Medical School.

ASSEMBLYWOMAN MASTROLUCA MOVED FOR APPROVAL OF AGENDA ITEM L.

SENATOR RHOADS SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.

THE MOTION CARRIED. (Senators Denis, Horsford, and Leslie and Assemblymen Atkinson and Conklin were not present for the vote.)

M. ESTABLISHMENT OF SALARIES FOR UNCLASSIFIED POSITIONS PURSUANT TO SENATE BILL 505, SECTION 2 (2011 SESSION).

1. Silver State Health Insurance Exchange – Senate Bill 440 (2011 Session).

Refer to testimony and motion for approval under Agenda Item G-60.

2. State Public Charter School Authority – Senate Bill 212 (2011 Session).

Refer to testimony and motion for approval under Agenda Item G-20.

N. INFORMATIONAL ITEMS.

1. Office of Veterans' Services – In accordance with Personnel Commission Order, Case No. CC-06-10-BK, issued June 28, 2011, notification of the reinstatement of a position eliminated in the legislatively approved budget for the 2011-13 biennium.

Caleb Cage, Director, Nevada Office for Veterans' Services, explained that when he had started with the agency one year earlier, there was an ongoing personnel termination appeal process underway that would subsequently be heard by a Department of Personnel hearing officer. At the same time, the agency was going through the budget process for the 2011-2013 biennium, and budget reductions of 21 percent had been mandated for the Governor's recommended budget. Mr. Cage said the position was vacant at the time, and not knowing if and when it would be filled in the future, it was included in a package of three vacant positions that were eliminated in order to meet the required budget reductions.

Mr. Cage said the hearing officer found against the termination of the employee, who would be reinstated effective the first week in September. The Office of Veterans' Services would fund the position from reversions, but IFC approval was necessary to reestablish the position.

Assemblyman Goicoechea asked how long ago the individual had been terminated and how much back pay would be required. Mr. Cage replied back pay would be required from the end of 2009.

Assemblyman Kirner said he realized the Personnel Commission had ordered the employee to be reinstated, but since the agency had eliminated the position, he speculated that the job was no longer available and the employee would have to leave the agency.

Mr. Cage replied the agency had pursued all options, including a possible layoff approach versus reinstatement. Based on the complexity of the situation and various other elements outside of the personnel hearing, the decision to reinstate fully fit within the letter and spirit of the hearing officer's decision.

Chairwoman Smith remarked she was glad to see the position reinstated; she was concerned during the Legislative Session with the amount of cuts to the agency because it provided direct services to veterans.

There being no further questions, Chairwoman Smith thanked Mr. Cage for his testimony. The item was informational only and did not require action by the Committee.

O. APPOINTMENT OF THE COMMITTEE ON INDUSTRIAL PROGRAMS  
(NRS 209.4817).

Chairwoman Smith announced that based on recommendations from legislative leadership, the following legislators would serve on the Legislative Committee on Industrial Programs: Senator David Parks, Senator Dean Rhoads, Assemblyman James Ohrenschall, and Assemblyman John Ellison.

Chairwoman Smith added that the four existing non-legislator members would remain on the Committee: Bruce Aguilera, Michael MacKenzie, Mike Magnani, and Allen Puliz. Greg Smith, Administrator, State Purchasing Division, and Greg Cox, Director, Department of Corrections, would serve as ex officio members of the Committee. She noted that the Committee would select the chairman and vice chairman.

ASSEMBLYWOMAN MASTROLUCA MOVED FOR APPROVAL  
OF THE APPOINTMENTS TO THE COMMITTEE ON  
INDUSTRIAL PROGRAMS.

SENATOR RHOADS SECONDED THE MOTION.

Chairwoman Smith called for public comment; there was none.



THE MOTION CARRIED. (Senators Denis, Horsford, and Leslie and Assemblymen Atkinson and Conklin were not present for the vote.)

P. PUBLIC COMMENT.

Chairwoman Smith called for public comment; there was none.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated the next meeting date would be set as soon as possible; it would probably be scheduled in Carson City in mid-October.

Q. ADJOURNMENT.

Chairwoman Smith thanked Committee members and staff for their cooperation and assistance. There being no further business to come before the Committee, she adjourned the meeting at 4:12 p.m.

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Assemblywoman Debbie Smith, Chairwoman  
Interim Finance Committee

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Lorne Malkiewich, Director,  
Legislative Counsel Bureau and  
Secretary, Interim Finance Committee

<b>EXHIBITS</b> <b>INTERIM FINANCE COMMITTEE</b>		
<b>Exhibit</b>	<b>Witness/Agency</b>	<b>Description</b>
A	*****	Agenda
B	*****	Attendance Roster
C	*****	August 31, 2011, Meeting Packet
D	Mike Willden, Director, Department of Health and Human Services	The Patient Protection and Affordable Care Act—Silver State Health Insurance Exchange
E	Mike Willden, Director, Department of Health and Human Services	Health Care Reform Implementation Components
F	Mike Willden, Director, Department of Health and Human Services	Mandated Exchange Functions (Health Care Reform)
G	IFC's Subcommittee to Review Public Works Board Matters	Chairman's Report of Meeting Held August 30, 2011
H	Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division	Statement of Contingency Fund Balance, August 31, 2011